



City of Charlottesville Virginia

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

CITY OF CHARLOTTESVILLE, VIRGINIA

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021

**Prepared by
Department of Finance**

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CITY OF CHARLOTTESVILLE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

Exhibit/Table Page

INTRODUCTORY SECTION

Letter of Transmittal		9
GFOA Certificate of Achievement for Excellence in Financial Reporting		14
List of Elected Officials		15
City Organizational Chart		16

FINANCIAL SECTION

Report of Independent Auditor		18
Management's Discussion and Analysis		21
Government-wide Financial Statements:		
Statement of Net Position	A	33
Statement of Activities	B	35
Fund Financial Statements:		
Balance Sheet – Governmental Funds	C	37
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	D	39
Statement of Net Position – Proprietary Funds	E-1	41
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	E-2	42
Statement of Cash Flows - Proprietary Funds	E-3	43
Statement of Fiduciary Net Position – Fiduciary Funds	F-1	44
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	F-2	45
Notes to the Financial Statements		46
Required Supplementary Information – Budgetary General and Special Revenue Funds		
Note to Required Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual		
Budget Basis – General Fund	G-1	102
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual		
Budget Basis – Social Services Fund	G-2	107

CITY OF CHARLOTTESVILLE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS – Page 2

	Exhibit/Table	Page
Required Supplementary Information – Pension and Other Post Employment Benefit Plans		
Schedule of Changes in the Net Pension Liability and Related Ratios- City Pension Plan	H-1	108
Schedule of Pension Plan Contributions – City Pension Plan	H-2	109
Schedule of Funding Progress- City Pension Plan	H-3	110
Schedule of Changes City OPEB Liability and Related Ratios	H-4	111
Required Supplementary Information – Charlottesville School Board – Component Unit - Pension and OPEB		
Schedule of Changes in the Net Pension Liability and Related Ratios - VRS	H-5	113
Schedule of Pension Plan Contributions – VRS	H-6	114
Schedule of the School Board's Proportionate Share of Net Pension Liability – VRS	H-7	115
Schedule of Pension Plan Contributions – VRS	H-8	116
Schedule of Funding Progress- Other Postemployment Benefit Plans	H-9	117
Schedule of Changes in the Net OPEB Liability and Related Ratios	H-10	118
Schedule of Employer Proportionate Share OPEB Plans	H-11	119

SUPPLEMENTARY SECTION

Supplemental Schedules

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual		
Budget Basis - Capital Projects Fund	I-1	121
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual		
Budget Basis – Debt Service Fund	I-2	122
Nonmajor Governmental Funds -		
Combined Balance Sheet	J	124
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	K	125
Schedule of Revenues, Expenditures and Changes in Fund Balances		
Budget and Actual – Community Development Block Grant Fund	K-1	126
Budget and Actual - Grants Fund	K-2	127
Budget and Actual – Human Services Fund	K-3	128
Budget and Actual – VJCCCA Grant Fund	K-4	129
Budget and Actual – Children's Services Act Fund	K-5	130
Budget and Actual – Transit Fund	K-6	131

CITY OF CHARLOTTESVILLE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS – Page 3

	Exhibit/Table	Page
Supplemental Schedules – Continued		
Internal Service Funds-		
Combining Statement of Net Position	L-1	133
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	L-2	134
Combining Statement of Cash Flows	L-3	135
 Charlottesville School Board – Discretely Presented Component Unit Financial Statements -		
Statement of Net Position	M-1	137
Statement of Activities	M-2	138
Balance Sheet – Governmental Funds	M-3	139
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	M-4	140
Statement of Net Position – Internal Service Fund	M-5	141
Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Fund	M-6	142
Statement of Cash Flows – Internal Service Fund	M-7	143

CITY OF CHARLOTTESVILLE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS – Page 4

Exhibit/Table Page

STATISTICAL SECTION

Net Position by Component – Last Ten Years	Table 1	146
Changes in Net Position – Last Ten Years	Table 2	147
Fund Balances of Governmental Funds –Last Ten Years	Table 3	149
Changes in Fund Balances of Governmental Funds – Last Ten Years	Table 4	150
Tax Revenues by Source – Last Ten Years	Table 5	151
Assessed and Estimated Market Value of Real Property – Last Ten Years	Table 6	152
Direct Property Tax Rates – Last Ten Years	Table 7	153
Principal Property Taxpayers	Table 8	154
Property Tax Levies and Collections – Last Ten Years	Table 9	155
Estimated Value of Tax-Exempt Real Property – Last Ten Years	Table 10	156
Ratio of Net Bonded Governmental Debt to Assessed Value and Net Bonded Debt Per Capita- - Last Ten Years	Table 11	157
Ratio of Annual Debt Service Expenditures for General Bonded Debt to General Governmental Expenditures and Transfer-Last Ten Years	Table 12	158
Ratios of Outstanding Debt by Type – Last Ten Years	Table 13	159
Computation of Legal Debt Margin – Last Ten Years	Table 14	160
Property Values, Construction and Bank Deposits- Last Ten Years	Table 15	161
Demographic Statistics – Last Ten Years	Table 16	162
Principal Employers	Table 17	163
Government Employees by Function –Last Ten Years	Table 18	164
Operating Indicators by Function – Last Ten Years	Table 19	165
Capital Asset Statistics by Function – Last Ten Years	Table 20	166



INTRODUCTORY SECTION

CITY OF CHARLOTTESVILLE
"To be one community filled with opportunity"

Office of the Director of Finance

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Telephone 434-970-3200 · Fax 434-970-3232



November 30, 2021

Honorable Mayor and Members
of the City Council
City of Charlottesville, Virginia

Dear Council Members:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Charlottesville (the City) for the fiscal year ended June 30, 2021. This report was previously called the Comprehensive Annual Financial report or "CAFR". The name change reflects the Government Accounting Standards Board's (GASB) Statement No. 98 and the request from the Government Finance Officers Association (GFOA) to no longer use the common four-letter acronym most often associated with the Comprehensive Annual Financial Report. This change is the result of a new and evolving industry understanding that the acronym, when spoken aloud, mimics the pronunciation of a deeply derogatory term often used in other parts of the world but readily recognized among certain populations of the United States as well.

The ACFR was prepared in accordance with Section 11-96 of the Charlottesville City Code. The City's Finance Department prepared the report and it was audited by the City's independent auditors, Robinson, Farmer, Cox Associates (RFCA). RFCA's opinions are included in this report. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Generally accepted accounting principles (GAAP) require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

As a recipient of funds from the Federal government, the City is required to undergo an annual single audit in conformity with the provisions of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Information related to this single audit, including the schedule of expenditures of federal awards, findings and questioned costs, recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations are contained in an appendix at the back of the ACFR.

THE REPORTING ENTITY AND ITS SERVICES

The City is located in Central Virginia, approximately 100 miles southwest of Washington, D.C. and 70 miles northwest of Richmond, Virginia. As the seat of both the City and Albemarle County governments, Charlottesville serves as an economic, cultural and educational center in Central Virginia. As the home of the University of Virginia, one of the most prestigious and highly-regarded universities in the country, the City derives a number of benefits, both economic and in the quality of life, from being associated with this area.

The City provides a full range of services. These services include police and fire protection, solid waste collection and disposal, education, parks, recreational and cultural activities, street and highway maintenance and construction, health and welfare, and community and economic development. In addition to these general governmental activities, the City also operates gas, water, wastewater, and stormwater systems as enterprise funds and maintains a pension trust fund and a post-employment benefits fund for its employees.

The financial reporting entity includes all funds of the Primary Government (i.e., the City), as well as the component units for which the City is financially accountable. The City of Charlottesville Public Schools (the School Board or Schools) and the Charlottesville Economic Development Authority (CEDA) are included in the report as discretely presented component units in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City and to differentiate their financial position and results of operations from that of the City. Both of these component units are administered by separate boards. School Board members are elected At Large and CEDA members are appointed by City Council. The Charlottesville Redevelopment and Housing Authority (CRHA) is not included in the reporting entity because the City is not financially accountable for the CRHA.

FINANCIAL CONDITION AND OUTLOOK

For Fiscal Year 2021 (completed June 30, 2021): COVID 19 influenced the City's finances in fiscal year 2021. Several economically sensitive revenues performed under budget, including Lodging Taxes, Meals Taxes, and Personal Property Taxes. Fortunately, Real Estate Taxes (the single largest revenue source for the General Fund) performed slightly better than expected as real estate values increased and property owners were able to make their payments in full and on time. The City's Sales Tax receipts also performed better than expected as a result of greater online sales during the pandemic.

General Fund expenditures were below budget which helped offset reduced revenue performance. Several large City departments had salary and benefit savings from vacant positions. Departments also saw savings as a result of reduced levels of service and closed facilities resulting from the pandemic. The City also used CARES Act funds for eligible expenses in lieu of using its own funds.

When netted together, the City's General Fund finished with a positive result adding \$6.2 million to the Fund Balance.

City management has been focused on the long-term financial sustainability of the City's retirement plan and Other Post-Employment Benefits (OPEB). The funded status of the City's pension plan has increased from 53.7% in fiscal year 2017 to 70.5% fiscal year 2021. The funded status of the City's OPEB plan has increased from 43.0% in fiscal year 2017 to 82.1 % in fiscal year 2021. As part of its AAA-rated financial management, the City has traditionally funded 100% of its required Actuarially Determined Contribution (ADC) for pension costs and OPEB and plans to do so in the future. In addition, the City has benefited from market performance in excess of our 7.5% assumed rate of return.

For Fiscal Year 2022 (beginning July 1, 2021): The Adopted Budget for the General Fund for fiscal year 2022 totals \$192.2 million (a 0.5% increase over the fiscal year 2021 budget). The City continues to make investments in several of its Strategic Plan Priority Areas, including:

Affordable Housing: \$6.5M is included in fiscal year 2022, and over \$38.5M in the five year capital program for several affordable housing initiatives, including redevelopment of public housing sites, housing rehabilitation, supplemental rental assistance and Friendship Court infrastructure improvements and redevelopment. \$965,000 is budgeted for the Charlottesville Housing Affordability Program (CHAP) that will provide real estate tax grants to any City resident who owns and occupies property in the City and whose household income is \$55,000 or

less and an assessed value of \$375,000 or less. In addition, the Tax Relief for Elderly and Disabled programs income threshold will receive \$423,488.

Race and Equity: Provides funding for the City's first Deputy City Manager for Race, Equity, Diversity and Inclusion. The portfolio for this position includes the City's human services departments and the Police Civilian Review Board.

Workforce Development and Economic Development: The fiscal year 2022 budget continues to invest in the various programs that support both of these priorities, including the Downtown Job Center, Growing Opportunities (GO) workforce development programs, the Home to Hope program, job fairs and community events, and work done by staff to promote Charlottesville as a premier location for business and collaborate with entrepreneurs and existing businesses seeking to grow here.

Safety and Security: Through the support of a 2020 SAFER Grant, the Charlottesville Fire Department has hired 15 new firefighters to address a staffing shortage and improve the department's emergency services response and community risk reduction efforts. Provides a full year of funding for the Police Civilian Review Board whose objective is to provide objective and independent civilian-led oversight of the Charlottesville Police Department in an effort to enhance transparency and trust, to promote fair and effective policing, and to protect the civil and constitutional rights of the people of the City of Charlottesville.

Education: \$58.7 million in operational funding and \$3.5 million in funding for capital improvements are provided to City schools.

ECONOMIC CONDITION AND OUTLOOK

COVID-19 impacted the City's economy in fiscal year 2021. But several economic indicators give us reason to be optimistic about the future.

The City's unemployment rate spiked in April 2020 to a high of 10.7% but as of September 2021, has returned to 3.0%. This largely mirrors the state rate which rose to a high of 11.2% and has returned to a 3.8% level as of September 2021.

For tax year (calendar) 2021, residential real estate assessments increased in value by 3.8%. Commercial real property values increased for the ninth straight year in 2021, this time by 10.5%. Combined existing residential and commercial property increased in value by 6.6%. The total value of real property in the City, including new construction, increased by 7.2% in tax year 2020.

Capital investment in the City continued through COVID 19. In calendar year 2020, 440 commercial construction permits were issued with an investment value of \$73,000,000. Apex Clean Energy, a local startup, is building a new state of the art headquarters facility located near the Downtown Mall. Of note, the Apex project began construction several months after the start of the pandemic signaling that interest in urban development remains high by both residential and commercial developers.

OTHER INFORMATION

Independent Audit: State law requires that the financial statements of the City be audited annually by a certified public accounting firm selected by City Council. An audit of the financial records of the City has been performed by the accounting firm of Robinson, Farmer, Cox Associates, for the year ended June 30, 2021. The audit was also designed to meet the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). The independent auditor's report on the government-wide financial statements and the fund financial statements and required supplementary information is included in the financial section of this report.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This was the forty first (41) consecutive such award received by the City. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report on a timely basis could not have been accomplished without the dedicated service of each member of the Finance Department, notably the Accounting staff.

In closing, we would like to thank the members of City Council for your continued interest and support in planning and conducting the financial matters of the City in a responsible and progressive manner.

Respectfully submitted,



Christopher V. Cullinan
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Charlottesville
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF CHARLOTTESVILLE, VIRGINIA
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2021

ELECTED OFFICIALS

Council Members:

Nikuyah Walker	Mayor
Sena Magill	Vice-Mayor
Heather Hill	Council Member
Michael Payne	Council Member
Lloyd Snook	Council Member

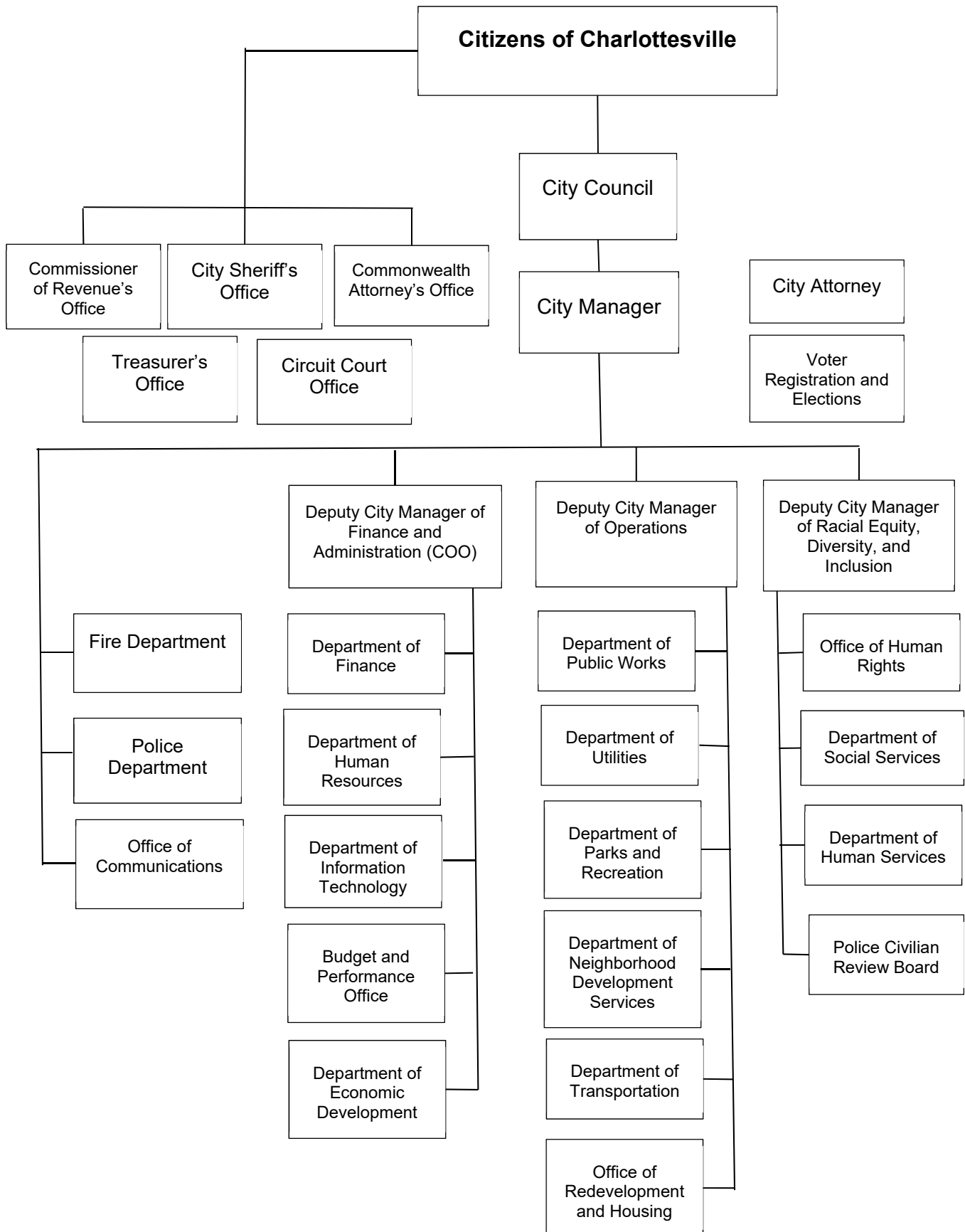
Constitutional Officers:

Jason A. Vandever	City Treasurer
Todd D. Divers	Commissioner of Revenue
Joseph D. Platania	Commonwealth's Attorney
James E. Brown, III	City Sheriff
Llezelle A. Dugger	Clerk of Circuit Court

APPOINTED OFFICIALS

Charles P. Boyles III	Interim City Manager
Ashley Marshall	Deputy City Manager of Racial Equity, Diversity and Inclusion
Allyson Davies	City Attorney
Brian Wheeler	Director of Communications
Chris Engel	Director of Economic Development
Christopher V. Cullinan	Director of Finance
Dr. Hezedeane Smith	Fire Chief
Sunny Hwang	Director of Information Technology
Alexander Ikefuna	Director of Neighborhood Development Services
Dr. RaShall Brackney	Chief of Police
David Brown	Director of Public Works
Jeffrey Davis	Real Estate Assessor
Todd Brown	Acting Director of Parks and Recreation
Melissa Morton	General Registrar
Susan Moffett	Director of Social Services
Kaki Dimock	Acting Director of Human Services
Lauren Hildebrand	Director of Utilities
Garland Williams	Director of Transit
Kyna Thomas	Clerk of City Council

City Organizational Chart





FINANCIAL SECTION



Independent Auditors' Report

**To the Honorable Members of
the City Council
City of Charlottesville, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlottesville, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the School Activity Funds, which represent 4.11 percent, 1.53 percent, and 0.59 percent, respectively, of the governmental fund assets, governmental activities assets, and revenues of the discretely presented component unit - Charlottesville School Board. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Activity Funds, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditors' Responsibility: (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlottesville, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 28 to the financial statements, in 2021, the City and discretely presented component unit - Charlottesville School Board adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 22 to the financial statements, in 2021, the City restated beginning balances to correct reported bond premiums, depreciation of prior year capital assets, and reported trash retainage. As described in Note 28 to the financial statements, in 2021, the discretely presented component unit - Charlottesville School Board restated beginning balances to reflect the requirements of GASB Statement No. 84 and prior year adjustments not previously recorded. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 19-30, 100-105, and 106-118 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Matters: (Continued)

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Charlottesville, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021 on our consideration of the City of Charlottesville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Charlottesville, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Charlottesville, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 23, 2021

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2021

As management of the City of Charlottesville, Virginia, we offer readers this narrative overview and analysis of the financial activities of the City of Charlottesville, Virginia for the fiscal year ended June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section. The intent of this discussion and analysis is to evaluate the City's financial performance as a whole.

FINANCIAL HIGHLIGHTS

Government-wide

- The City's total net position, on a government-wide basis excluding component units, totaled \$207.5 million at June 30, 2021.
- The City's net position for the combined governmental and business-type activities, increased by \$7.1 million over the prior year. This increase is the sum of a \$4.2 million, as restated, for the governmental net position and a \$2.9 million increase in business-type net position. Net position also increased due to bond issues in the year, and expenditure savings from several vacant positions, reduced level of services and some closed facilities due to the COVID-19 pandemic.

Government Funds

- At June 30, 2021, the City's governmental funds reported combined ending fund balances of \$90.0 million, an increase of \$21.3 million over the prior year, primarily due to increased spending on capital improvement projects getting started. Approximately 41 percent, or \$36.7 million, of this amount is unassigned.
- The General Fund, on a current financial resource measurement focus and the modified accrual basis of accounting, reported revenues \$16.5 million under budget. Several tax revenues (personal property tax, meals, lodging and utility tax) as well as parking garage and recreation fees performed worse than expected as a result of the impacts of COVID-19. The expenditures and other financing sources (net) finished out the year \$31.6 million under budget primarily due to City departments continued budget monitoring, which resulted in expenditures less than budget. Savings resulted from vacancies, efficiencies and staff's constant due diligence with city tax dollars.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$35.3 million, or 27 percent of total General Fund expenditures and net transfers.

Long-term Liabilities

- The City's total long-term liabilities, consisting of general obligation bonds, compensated absences, pension, and OPEB obligations increased by \$35.0 million during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Charlottesville's basic financial statements. The City's basic financial statements comprise the following three components:

- *Government-wide financial statements, Exhibits A and B*
- *Fund financial statements, Exhibits C, D, E, and F*
- *Notes to the financial statements*

This report contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements presenting different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's *overall financial status*.

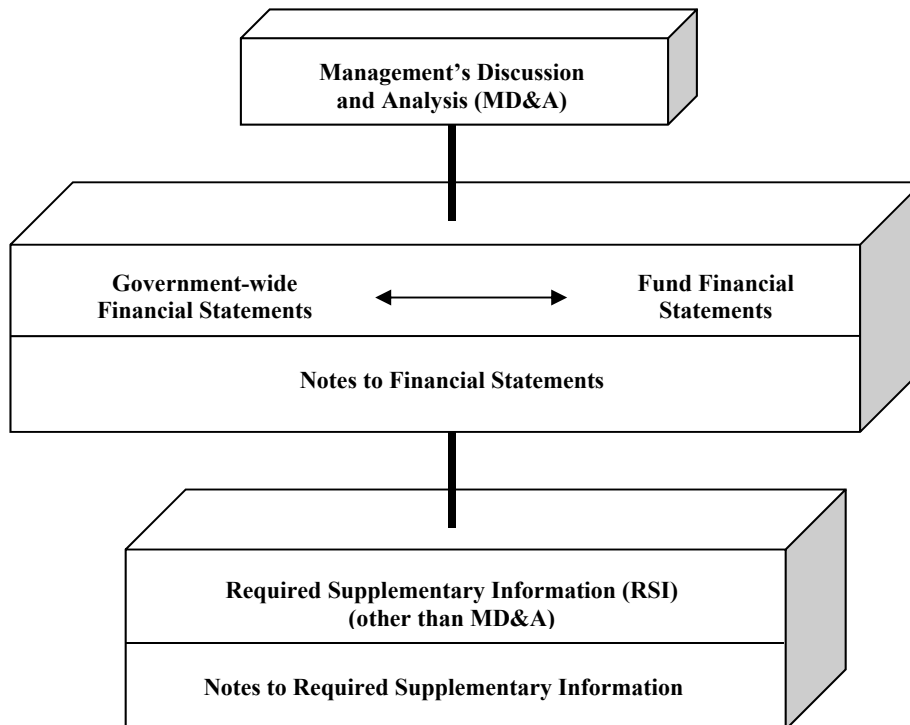
CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2021

- The remaining statements are *fund financial statements* that focus on *individual parts* of the City's government, reporting the City's operations in *more detail* than the government-wide statements.
 - *Governmental fund* statements tell how *general government* services such as public safety were financed in the *short term* as well as what amounts remain for future spending.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as the public utility systems (water, sewer, and gas) and the golf course.
 - *Fiduciary fund* statements provide information about the financial relationship in which the City acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong, such as the City's retirement and post-employment benefit plans.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A shows how the required parts of this *Management's Discussion and Analysis* and the City's *basic financial statements* are arranged and relate to one another.

Figure A
Required Components of City's Financial Statements



The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the City's accountability.

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2021

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents financial information on all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused accrued vacation leave.)

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

In the Statement of Net Position and the Statement of Activities, the City is divided into three categories:

- **Governmental activities** – Most of the City's basic services are included here, such as the activities of the police, fire, public works, social services, parks and recreation departments, and general administration. Property taxes and state and federal grants finance most of these activities.
- **Business-type activities** – The City charges fees to customers to cover the cost of certain services it provides. The City's water, sewer, and gas systems as well as the golf course are included here.
- **Component units** – The City includes two separate legal entities in its report – the City of Charlottesville Economic Development Authority and the Charlottesville Public Schools. Although legally separate, these "component units" are important because the City is financially accountable for them and provides operating funding.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Charlottesville, Virginia can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- * **Governmental Funds.** Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide financial statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund financial statements.
- * **Proprietary Funds.** Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like the government-wide financial statements, provide both short-term and long-term financial information. The City's enterprise funds (one type of proprietary fund) are the same

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2021

as its business-type activities, with the exception of the Internal Service Funds' allocation, but they provide more detail and additional information, such as a *statement of cash flows*. The City also uses internal service funds (another kind of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities – such as the Risk Management Fund and the Information Technology Fund.

- * **Fiduciary Funds.** Fiduciary funds are used to report assets held in a trustee or agency capacity for others outside the government. The City maintains two pension trust funds for retirement and post-employment benefits. These activities are reported in a separate statement of fiduciary net assets. The City excludes this activity from its government-wide financial statements because the City cannot use these assets to finance its operations.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources) which is reflected at the bottom of or following each statement. The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bond and others) into the Governmental Activities column (in the government-wide statements).

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following Exhibit F-2 at the end of the basic financial section of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information and notes*. General and Social Service major fund budget and actual reports are presented on a budgetary reporting basis as Exhibits G-1 and G-2. Progress in funding its obligations to provide pension and other post-employment benefits (OPEB) plans to its employees is provided as Exhibits H-1, H-2, H-3, H-4, and H-5.

The supplementary section has other major fund budget and actual reports presented on a budgetary reporting basis as Exhibits I-1 and I-2, as well as individual fiduciary statements in Exhibits I-3, and I-4. Non-major governmental funds are presented in Exhibits J, K, K-1, K-2, K-3, K-4, K-5, and K-6. Proprietary fund statements are presented as Exhibits E-1, E-2, and E-3. Internal Service funds are presented as Exhibits L-1, L-2, and L-3.

Financial Statements for the Charlottesville School Board – Component unit are presented in Exhibits M-1, M-2, M-3, M-4, M-5, M-6 and M-7. Progress in funding School Board obligation to provide pension and other postemployment benefits (OPEB) plans to its employees is provided as Exhibits H-5, H-6, H-7, H-8, H-9, H-10, and H-11.

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

City of Charlottesville, Virginia Condensed Statement of Net Position June 30, 2021 and 2020

Table I

	Governmental Activities		Busienss-Type Activities		Total		Total Percent Change
	2021	2020	2021	2020	2021	2020	
Assets:							
Current and other assets	\$ 189,131,714	\$ 155,469,248	\$ 40,067,648	\$ 25,336,274	\$ 229,199,362	\$ 180,805,522	26.80%
Capital assets	237,625,716	241,049,038	99,312,028	96,397,422	336,937,744	337,446,460	(0.20)
Total assets	426,757,430	396,518,286	139,379,676	121,733,696	566,137,106	518,251,982	9.20
Deferred Outflow of Resources	25,213,290	19,331,239	3,179,007	2,407,227	28,392,297	21,738,466	30.60
Liabilities:							
Long-term liabilities	210,291,150	182,005,974	76,411,545	5,596,840	286,702,695	187,602,814	20.20
Other liabilities	33,345,934	33,601,253	66,661,843	11,790,753	100,007,777	45,392,006	(13.50)
Total liabilities	243,637,084	215,607,227	143,073,388	17,387,593	386,710,472	232,994,820	0.40
Deferred Inflow of Resources	58,662,843	54,749,575	1,627,496	1,456,293	60,290,339	56,205,868	7.30
Net Position:							
Net investment in capital assets	148,423,736	156,302,696	45,218,630	48,896,266	193,642,366	205,198,962	(5.63)
Restricted							
General government	204,894	212,209	-	-	204,894	212,209	(0.03)
Public safety	542,461	420,108	-	-	542,461	420,108	0.29
Health and welfare	88,682	64,719	-	-	88,682	64,719	0.37
Parks and recreation	74,525	66,307	-	-	74,525	66,307	0.12
Conservation and development	10,000	10,000	-	-	10,000	10,000	0.00
Nonspendable, permanent fund	171,962	188,471	-	-	171,962	188,471	(0.88)
Unrestricted	154,523	(11,771,787)	12,639,169	5,036,771	12,793,692	(6,735,016)	(2.90)
Total net positon	\$ 149,670,783	\$ 145,492,723	\$ 57,857,799	\$ 53,933,037	\$ 207,528,582	\$ 199,425,760	0.04

Net position (the difference between assets and liabilities plus deferred outflows of resources less deferred inflows of resources) may serve over time as a useful indicator of a government's financial position. In the case of the City of Charlottesville, the net position was \$207.5 million at the close of fiscal year 2021. The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less accumulated depreciation, less any related outstanding debt and adding unspent proceeds from debt used to acquire those assets. The City uses these assets to provide services to its citizens and consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources

Governmental Activities

The net position of the City's governmental activities increased from \$145.5 million to \$149.7 million.

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2021

Business-type Activities

The City's business-type activities net position increased by \$4.0 million due to an increase in net position for Water, Wastewater, Gas, Stormwater and Meadowcreek Golf Course. Business-type activity resources are not to be used to make up for a net position deficit in the governmental activities. In general, the City can only use the unrestricted net position of business-type activities to finance the continued operations of its enterprise operations, which include the Water, Sewer, Stormwater, Gas and Meadowcreek Golf Course funds.

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2021

Statement of Activities

The following table shows the revenues and expenses of the governmental and business-type activities:

City of Charlottesville, Virginia Changes in Net Position For the Years Ended June 30, 2021 and 2020

Table II

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2021	2020	2021	2020	2021	2020	2010-2021
Revenues:							
Program Revenues:							
Charges for services	\$ 10,499,945	\$ 13,441,467	\$ 55,865,893	\$ 52,163,693	\$ 66,365,838	\$ 65,605,160	1.2 %
Operating grants and contributions	33,515,514	19,977,562	27,107	15,254	33,542,621	19,992,816	67.8
Capital grants and contributions	2,006,944	5,758,849	-	-	2,006,944	5,758,849	(65.2)
General Revenues:							
Property taxes	89,152,047	84,518,162	-	-	89,152,047	84,518,162	5.5
Other taxes	52,172,815	49,338,245	-	-	52,172,815	49,338,245	5.7
Grants and contributions*	37,787,440	37,969,151	-	-	37,787,440	37,969,151	-
Miscellaneous	817,801	1,319,692	898,131	292,884	1,715,932	1,612,576	-
Use of money and property	1,220,855	2,881,650	67,156	126,476	1,288,011	3,008,126	(57.2)
Total revenues	227,173,361	215,204,778	56,858,287	52,598,307	284,031,648	267,803,085	6.1
Expenses:							
General government	32,639,091	28,371,946	-	-	32,639,091	28,371,946	15.0
Public safety	38,168,385	39,716,740	-	-	38,168,385	39,716,740	(3.9)
Community services	24,058,257	22,139,189	-	-	24,058,257	22,139,189	8.7
Health and welfare	36,271,499	35,800,041	-	-	36,271,499	35,800,041	1.3
Parks, recreation and culture	12,079,902	14,638,408	-	-	12,079,902	14,638,408	(17.5)
Education	59,179,414	59,941,139	-	-	59,179,414	59,941,139	(1.3)
Conservation and development	16,759,036	18,093,478	-	-	16,759,036	18,093,478	(7.4)
Interest on long term debt	1,892,395	919,779	-	-	1,892,395	919,779	105.7
Water	-	-	10,560,049	10,183,626	10,560,049	10,183,626	3.7
Sewer	-	-	12,914,698	12,244,661	12,914,698	12,244,661	5.5
Gas	-	-	21,447,761	19,019,501	21,447,761	19,019,501	12.8
Stormwater	-	-	1,402,970	1,357,785	1,402,970	1,357,785	-
Golf	-	-	1,039,968	997,851	1,039,968	997,851	4.2
Total expenses	221,047,979	219,620,720	47,365,446	43,803,424	268,413,425	263,424,144	1.9
Change in net position before transfers	349,178	(4,415,942)	9,492,836	8,794,883	15,618,223	4,378,941	256.7
Transfers	5,776,201	5,648,201	(5,776,201)	(5,648,201)	-	-	-
Change in net position	6,125,379	1,232,259	3,716,635	3,146,682	15,618,223	4,378,941	256.7
Net position - beginning of year, restated **	143,545,404	144,260,465	54,141,164	51,786,355	197,686,568	196,046,820	0.8
Net position - end of year	\$ 149,670,783	\$ 145,492,724	\$ 57,857,799	\$ 54,933,037	\$ 213,304,791	\$ 200,425,761	6.4

*Not restricted to specific programs.

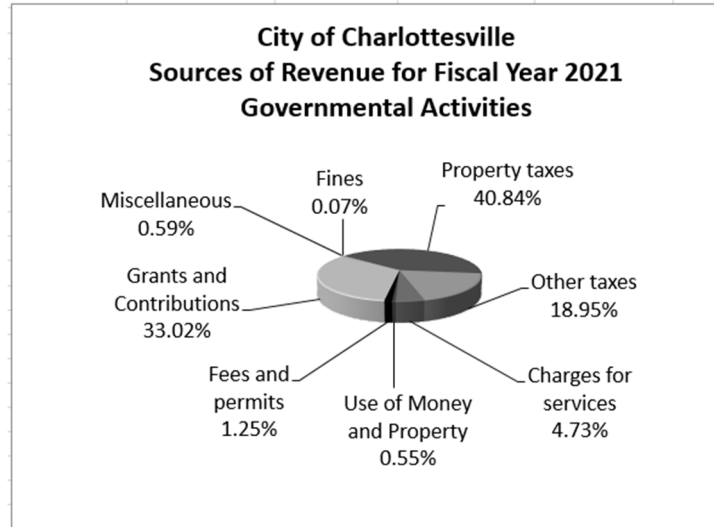
CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2021

Governmental Activities

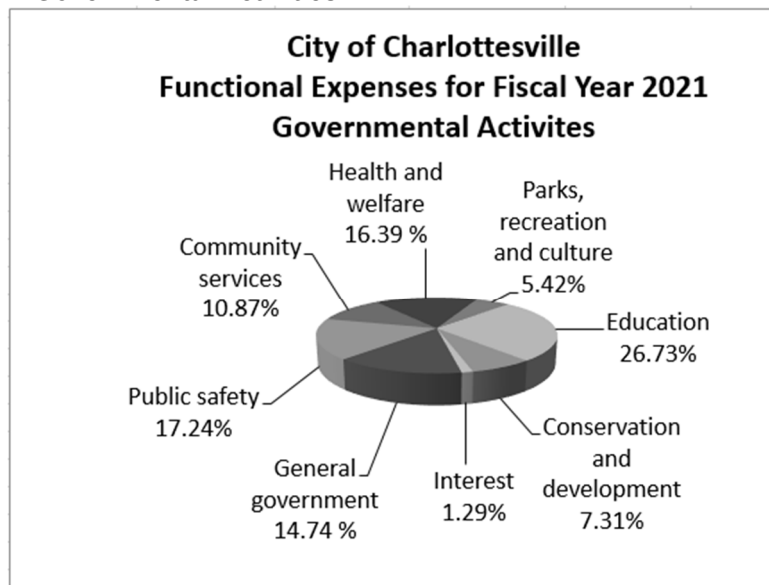
The City's total revenues from governmental activities were \$227.2 million for the fiscal year ended June 30, 2021. Approximately 59.79% of the City's revenue from governmental activities comes from property and other taxes (61.82% in 2020).

Revenues by Source – Governmental Activities



The City's governmental activity expenses increased by \$1.7 million in 2021. Expenses for fiscal year 2021 cover a wide range of services, with 16.39% or \$36.3 million related to health and welfare, 26.73% or \$59.2 million for education (primarily payments to the City's Public Schools, a component unit), and 17.24% or \$38.2 million related to public safety.

Expenses by Function – Governmental Activities

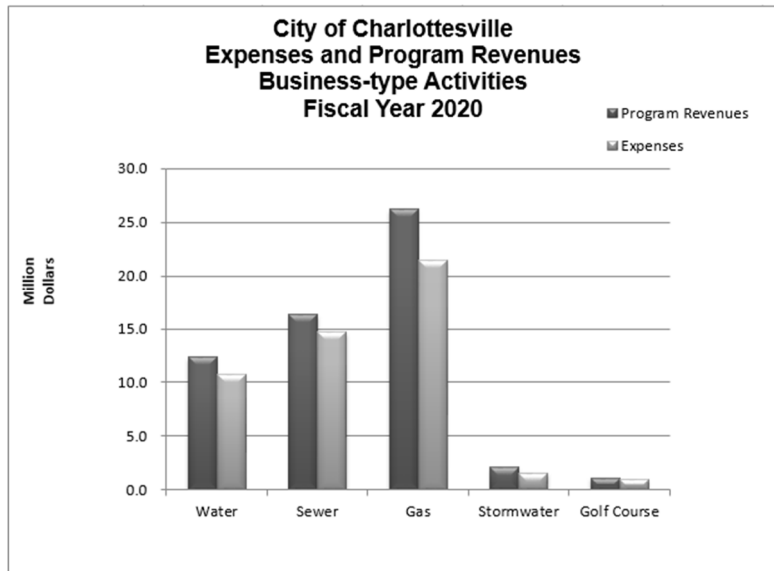


CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2021

Business-Type Activities

Net position for the City's business-type increased by \$2.8 million.



Proprietary Funds

The City of Charlottesville's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Water Fund had an increase in net position of \$944,118. The Sewer Fund had an increase in net position of \$1,174,069. The Gas Fund had an increase in net position of \$780,437. The Stormwater Fund had an increase in net position of \$708,728. The Golf Fund had an increase in net position of \$103,470.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City of Charlottesville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of Charlottesville's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, restricted, committed, assigned, and unassigned fund balances may serve as a useful measure of a city's net resources available at the end of a fiscal year. For the fiscal year ended June 30, 2021, the governmental funds reported combined ending fund balances of \$90.0 million, an increase of \$21.1 million, in comparison with the prior year. Included in this are the following major transactions:

- \$20.3 million spent in the Capital Projects Fund for fund road and sidewalk construction and other projects, including improvements to government and school facilities.
- \$57.0 million net, contributed by the City to finance the Public Schools' operations.

Approximately \$34.7 million of the combined total fund balances constitutes committed and assigned fund balance, which generally is available for spending at the government's discretion. This balance includes \$13.2 million committed for debt service.

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2021

Nonspendable fund balance is \$162.5 thousand from the Permanent Fund and \$26.0 thousand for prepaid items. This amount represents assets that are not readily available to the City for current expenditures. The City also has \$707.0 thousand in restricted fund balance. Restricted fund balance represents resources that have restrictions placed on them by an outside party. In this case, the City has received grant funds that must be used for a specific purpose but have not yet been spent.

The remaining fund balance at June 30, 2021, indicated as unassigned, is \$39.0 million in the General Fund. This amount represents 23.2% of General Fund expenditures and transfers (net) and is a measure of the General Fund's liquidity. Total fund balance of the General Fund increased by \$21.1 million in fiscal year 2021.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund For the Year Ended June 30, 2021

Table III

	Original Budget	Amended Budget	Actual	Variance Positive/(Negative)
Revenues				
Real Estate taxes	\$ 78,353,270	\$ 78,353,270	\$ 79,793,696	\$ 1,440,426
Other taxes	62,577,409	62,577,409	58,358,433	(4,218,976)
Intergovernmental	36,667,507	36,735,420	27,916,259	(8,819,161)
Other	12,790,331	12,938,777	8,030,332	(4,908,445)
Total	190,388,517	190,604,876	174,098,720	(16,506,156)
Expenditures and transfers (net)				
Expenditures	179,238,116	179,978,513	149,986,738	29,991,775
Transfers (net)	15,460,421	19,429,323	17,871,269	1,558,054
Total	194,698,537	199,407,836	167,858,007	31,549,829
Change in Fund Balance	\$ (4,310,020)	\$ (8,802,960)	\$ 6,240,713	\$ 15,043,673

Factors to explain economic performance for FY21:

The City's budget ordinance includes, as part of the original budget for expenditures, the amount of \$1,123,601 for encumbrances re-appropriated from June 30, 2021, as well as continuing appropriations from the prior year totaling \$2,631,189 for equipment and facilities as well as \$2,419,639 for the Landfill Remediation Reserve. Differences between the original and the final amended budget for the City's General Fund for expenditures, totaled \$4,709,299. This difference is primarily due to supplemental appropriations during the year.

Actual total revenues were less than the amended budget by \$16,506,155. Several of the significant differences between budgeted and actual revenue were in personal property tax, meals, lodging and utilities tax, as well as parking garage and recreation charges. Expenditures and transfers were below budget by \$31,551,412. Primarily, lower than budgeted revenues and expenditures were due to the decrease in economic activity due to the COVID-19 pandemic. Also, a number of vacant positions existed city-wide, which contributed to the city's economic performance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Charlottesville's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$338.9 million (net of depreciation). This investment includes land, municipal and school buildings and improvements, water, sewer and gas distribution systems, machinery and equipment, roads, and bridges.

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2021

City of Charlottesville's Capital Assets (Net of accumulated depreciation)

June 30, 2021 and 2020

Table IV

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2021	2020	2021	2020	2021	2019	2020-2021
Land	\$ 22,057,286	\$ 22,057,286	\$ 2,064,048	\$ 2,064,048	\$ 24,121,334	\$ 24,121,334	- %
Assets under construction	22,793,789	20,519,943	-	-	22,793,789	20,519,943	-
Buildings and improvements	96,448,756	98,118,077	377,614	404,124	96,826,370	98,522,201	(1.7)
Vehicles	9,599,681	8,481,891	2,173,635	1,856,085	11,773,316	10,337,976	13.9
Equipment	4,031,134	4,265,711	385,343	261,723	4,416,477	4,527,434	(2.5)
Streets	51,644,823	54,045,853	-	-	51,644,823	54,045,853	(4.4)
Bridges	5,643,135	5,850,374	-	-	5,643,135	5,850,374	(3.5)
Infrastructure	25,407,112	26,423,956	94,311,387	91,811,440	119,718,499	118,235,396	1.3
Total	<u>\$ 237,625,716</u>	<u>\$ 239,763,091</u>	<u>\$ 99,312,027</u>	<u>\$ 96,397,420</u>	<u>\$ 336,937,743</u>	<u>\$ 336,160,511</u>	0.2

Major capital asset additions during the fiscal year included the following:

- Utility Infrastructure Improvements (Water, Sewer, and Stormwater)
- Belmont Bridge Replacement Project
- Circuit Court Renovations
- 7th Street Deck Project
- School Priority Projects

The City's fiscal year 2021 capital improvement funds provided approximately \$20.53 million for various capital projects. Some of the major categories include \$1.2 million in school related projects, \$8.8 million for street, sidewalk and bridge projects, 2.5 million for parks and recreation improvements, \$1.2 million for public safety, \$2.2 million for housing, and 2.7 million in government building improvements. General obligation bonds have been issued for a portion of the funding, in accordance with the City's on-going, five year capital plan.

Additional information about the City of Charlottesville's capital assets can be found in note 8 of the notes to the financial statements.

Long-term Liabilities

At the end of the current fiscal year, the City of Charlottesville had total bonded debt (including unamortized premiums, and notes payable) outstanding of \$165.5 million. This entire amount is backed by the full faith and credit of the City and \$63.7 million is being repaid by the City's utilities.

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2021

City of Charlottesville's Outstanding Debt General Obligation Bonds June 30, 2021 and 2020

Table V

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2021	2020	2021	2020	2021	2020	2019-2020
General obligation bonds	\$ 93,862,907	\$ 80,104,675	\$ 58,438,152	\$ 45,241,232	\$ 152,301,059	\$ 125,345,907	21.5 %
Total	<u>\$ 93,862,907</u>	<u>\$ 80,104,675</u>	<u>\$ 58,438,152</u>	<u>\$ 45,241,232</u>	<u>\$ 152,301,059</u>	<u>\$ 125,345,907</u>	

Charlottesville's total debt increased by \$26.9 million during the fiscal year. On its most recent bond issue in May 2019, the City's bond rating was reaffirmed by S & P Global Ratings and Moody's Investors Service, as AAA and Aaa, respectively.

State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation of real property. The current debt limitation for the City of Charlottesville is \$841.1 million. This is significantly more than the City's current total outstanding debt.

Additional information on the City of Charlottesville's long-term liabilities can be found in note 9 of the notes to the financial statements.

ECONOMIC FACTORS EFFECTING NEXT YEAR'S BUDGET AND RATES

On January 30, 2021, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

- The City's unemployment rate decreased from 6.0% in July 2020 to 3.8% in July 2021. This is lower than the national unemployment rate of 5.4%, and the state's rate of 4.2%.
- City labor force decreased 8.2% from 26,211 in July 2020 to 24,048 in July 2021 based on current Virginia Employment Commission statistics.
- The City has an estimated population of 49,447 according to the Weldon Cooper Center for Public Service.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the impact of the global situation on its financial condition. The City has received \$31.0 million in various awards to mitigate impacts of this pandemic. As of June 30, 2021 \$14.8 million has been expended per award guidance.

These indicators were taken into account when adopting the General Fund budget for 2023. Amounts available for appropriation in the General Fund budget for 2022 are \$192.2 million, an increase of 0.5% over the 2021 budget of \$191.2 million.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, City of Charlottesville, 605 East Main Street, Charlottesville, Virginia 22902.

STATEMENT OF NET POSITION

JUNE 30, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	School Board
ASSETS					
Cash, cash equivalents and investments (note 3)	\$ 104,232,812	\$ 22,546,833	\$ 126,779,645	\$ 2,304,662	\$ 14,112,010
Interest receivable	180,997	-	180,997	-	-
Accounts receivable, net	6,113,124	6,502,021	12,615,145	-	218,765
Taxes receivable, net	46,631,879	-	46,631,879	-	-
Loans receivable (note 5)	4,377,940	-	4,377,940	1,100,495	-
Due from other governments (note 6)	14,213,001	-	14,213,001	-	4,467,242
Inventories	167,225	619,950	787,175	-	12,563
Prepaid expenses	120,396	727,300	847,696	15	-
Restricted cash and investments (note 3)	13,094,340	9,671,544	22,765,884	-	-
Net pension asset	-	-	-	-	158,656
Capital assets (note 8):					
Capital assets not being depreciated	44,851,075	2,064,048	46,915,123	-	982,889
Capital assets being depreciated	192,774,641	97,247,980	290,022,621	-	20,031,847
Total assets	<u>426,757,430</u>	<u>139,379,676</u>	<u>566,137,106</u>	<u>3,405,172</u>	<u>39,983,972</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding resulting in loss transactions	76,577	60,926	137,503	-	-
Deferred charges - pension (notes 11 and 15)	19,969,674	2,529,059	22,498,733	-	17,324,509
Deferred charges - OPEB (notes 13 and 16)	5,167,029	589,022	5,756,051	-	2,092,432
Total deferred outflows of resources	<u>25,213,280</u>	<u>3,179,007</u>	<u>28,392,287</u>	<u>-</u>	<u>19,416,941</u>
Total Assets And Deferred Outflows of Resources	<u>\$ 451,970,710</u>	<u>\$ 142,558,683</u>	<u>\$ 594,529,393</u>	<u>\$ 3,405,172</u>	<u>\$ 59,400,913</u>

Continued

STATEMENT OF NET POSITION

JUNE 30, 2021

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	School Board
LIABILITIES					
Accounts payable	4,160,688	3,507,805	7,668,493	-	2,276,832
Accrued liabilities	16,247,466	1,674,966	17,922,432	67,385	5,848,228
Customer deposits	15,291	900,164	915,455	-	-
Due to other governments	1,993,408	-	1,993,408	-	587,252
Unearned revenue	9,945,548	-	9,945,548	20,000	131,356
Accrued interest payable	983,533	578,908	1,562,441	75,755	-
Long-term liabilities (note 9):					
Due within one year	11,674,816	4,476,871	16,151,687	130,000	353,309
Due in more than one year	96,250,854	59,558,207	155,809,061	-	2,590,936
Net pension liability (notes 9,11 and 15)	78,995,881	9,335,850	88,331,731	-	69,811,858
Net OPEB liability (notes 9, 13 and 15)	23,369,599	3,040,617	26,410,216	-	13,590,817
Total liabilities	243,637,084	83,073,388	326,710,472	293,140	95,190,588
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenue	44,676,456	-	44,676,456	-	-
Deferred charges on refunding resulting in gain transactions	521,042	148,218	669,260	-	-
Deferred charges - pension (notes 11 and 15)	2,825,200	341,728	3,166,928	-	4,637,718
Deferred charges - OPEB (notes 13 and 16)	10,640,145	1,137,550	11,777,695	-	744,653
Total deferred inflows of resources	58,662,843	1,627,496	60,290,339	-	5,382,371
NET POSITION					
Net Investment in capital assets	148,423,736	45,218,630	193,642,366	-	21,014,736
Restricted for:					
General government	204,894	-	204,894	-	-
Public safety	542,461	-	542,461	-	-
Health and welfare	88,682	-	88,682	-	-
Parks, recreation and culture	74,525	-	74,525	-	-
Education	-	-	-	-	5,441,247
Conservation and development	10,000	-	10,000	-	-
Permanent fund, nonexpendable	171,962	-	171,962	-	-
Unrestricted	154,523	12,639,169	12,793,692	3,112,032	(67,628,029)
Total net position	149,670,783	57,857,799	207,528,582	3,112,032	(41,172,046)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 451,970,710	\$ 142,558,683	\$ 594,529,393	\$ 3,405,172	\$ 59,400,913

The accompanying notes are an integral part of the basic financial statements.

CITY OF CHARLOTTESVILLE, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT B

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 32,639,091	\$ 2,164,225	\$ 11,101,348	\$ 193,071
Public safety	38,168,385	92,620	4,856,650	34,370
Community services	24,058,257	859,721	8,891,692	1,779,503
Health and welfare	36,271,499	4,525,367	3,105,847	-
Parks, recreation and culture	12,079,902	389,345	700,518	-
Education	59,179,414	12,336	200,000	-
Conservation and development	16,759,036	2,328,459	4,659,459	-
Interest on long term debt	1,892,395	-	-	-
Total governmental activities	<u>221,047,979</u>	<u>10,372,073</u>	<u>33,515,514</u>	<u>2,006,944</u>
Business-type activities:				
Water	10,560,049	12,254,574	-	-
Sewer	12,914,698	14,928,814	-	-
Gas	21,447,761	25,453,987	20,167	-
Stormwater	1,402,970	2,094,381	-	-
Golf	1,039,968	1,134,137	6,940	-
Total business-type activities	<u>47,365,446</u>	<u>55,865,893</u>	<u>27,107</u>	<u>-</u>
Total Primary Government	<u>\$ 268,413,425</u>	<u>\$ 66,237,966</u>	<u>\$ 33,542,621</u>	<u>\$ 2,006,944</u>
COMPONENT UNITS				
Economic Development Authority	\$ 631,577	\$ 22,500	\$ 288,944	\$ -
School Board	79,718,697	316,229	27,384,427	-
Total Component Units	<u>\$ 80,350,274</u>	<u>\$ 338,729</u>	<u>\$ 27,673,371</u>	<u>\$ -</u>

Continued

CITY OF CHARLOTTESVILLE, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT B - Concluded

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Governmental Activities	Business Type Activities	Total Primary Government	Component Units	
				Economic Development Authority	School Board
PRIMARY GOVERNMENT					
Governmental activities:					
General government	\$ (19,180,447)	\$ -	\$ (19,180,447)		
Public safety	(33,184,745)	-	(33,184,745)		
Community services	(12,527,341)	-	(12,527,341)		
Health and welfare	(28,640,285)	-	(28,640,285)		
Parks, recreation and culture	(10,990,039)	-	(10,990,039)		
Education	(58,967,078)	-	(58,967,078)		
Conservation and development	(9,771,118)	-	(9,771,118)		
Interest on long term debt	(1,892,395)	-	(1,892,395)		
Total governmental activities	(175,153,448)	-	(175,153,448)		
Business-type activities:					
Water	-	1,694,525	1,694,525		
Sewer	-	2,014,116	2,014,116		
Gas	-	4,026,393	4,026,393		
Stormwater	-	691,411	691,411		
Golf	-	101,109	101,109		
Total business-type activities	-	8,527,554	8,527,554		
Total Primary Government	(175,153,448)	8,527,554	(166,625,894)		
COMPONENT UNITS					
Economic Development Authority				\$ (320,133)	\$ -
School Board				-	(52,018,041)
Total Component Units				(320,133)	(52,018,041)
GENERAL REVENUES					
General property taxes	89,152,047	-	89,152,047	-	-
Sales tax	12,202,161	-	12,202,161	-	-
Utility tax	4,477,998	-	4,477,998	-	-
Communications tax	2,357,526	-	2,357,526	-	-
Meals tax	11,032,143	-	11,032,143	-	-
Lodging tax	3,792,490	-	3,792,490	-	-
Public service corporation tax	1,542,920	-	1,542,920	-	-
Wills and deeds tax	853,716	-	853,716	-	-
Rolling stock tax	16,995	-	16,995	-	-
Short-term rental tax	24,145	-	24,145	-	-
Cigarette tax	602,077	-	602,077	-	-
Bank stock tax	1,244,963	-	1,244,963	-	-
Business license tax	8,249,480	-	8,249,480	-	-
Grants & contributions not restricted to specific programs	37,787,437	-	37,787,437	-	-
Payment from City	-	-	-	-	51,786,313
Unrestricted revenue from use of money and property	471,689	1,033	472,722	240,000	-
Interest on investment earnings	749,166	66,122	815,288	46,683	-
Miscellaneous	945,673	898,127	1,843,800	-	1,972,917
Transfers, net	5,776,201	(5,776,201)	-	-	-
Total general revenues and transfers	181,278,827	(4,810,919)	176,467,908	286,683	53,759,230
Change in net position	6,125,379	3,716,635	9,842,014	(33,450)	1,741,189
Net Position - July 1, 2020 Restated	143,545,404	54,141,164	197,686,568	3,145,482	(42,913,235)
Net Position - June 30, 2021	\$ 149,670,783	\$ 57,857,799	\$ 207,528,582	\$ 3,112,032	\$ (41,172,046)

The accompanying notes are an integral part of the basic financial statements.

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Capital Projects Fund	Debt Service Fund	Social Services Fund	Other Governmental Funds	Total
ASSETS						
Cash, cash equivalents and investments	\$ 48,757,267	\$ 22,451,914	\$ 13,309,468	\$ 77,222	\$ 10,317,640	\$ 94,913,511
Interest receivable	180,997	-	-	-	-	180,997
Accounts receivable, net	803,930	3,998	-	7,267	9,242	824,437
Taxes receivable, net	46,631,879	-	-	-	-	46,631,879
Due from other governments (note 6)	3,185,588	1,848,563	-	747,890	8,430,958	14,212,999
Due from other funds (note 7)	5,257,107	-	-	-	-	5,257,107
Loans receivable (note 5)	-	2,530,000	-	-	1,847,940	4,377,940
Prepaid items	9,460	-	-	-	-	9,460
Total assets	<u>\$ 104,826,228</u>	<u>\$ 26,834,475</u>	<u>\$ 13,309,468</u>	<u>\$ 832,379</u>	<u>\$ 20,605,780</u>	<u>\$ 166,408,330</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,668,118	\$ 1,686,918	\$ 1,000	\$ 11,756	\$ 644,371	\$ 4,012,163
Accrued liabilities	4,276,339	1,799,610	82,992	461,824	3,019,461	9,640,226
Due to other governments	-	-	-	-	1,993,407	1,993,407
Due to other funds (note 7)	-	-	-	239,101	3,967,771	4,206,872
Unearned revenue-other	67,336	-	-	-	9,878,212	9,945,548
Total liabilities	<u>6,011,793</u>	<u>3,486,528</u>	<u>83,992</u>	<u>712,681</u>	<u>19,503,222</u>	<u>29,798,216</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable tax revenue	<u>45,400,330</u>	<u>1,186,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,586,764</u>
FUND BALANCES (Note 2b):						
Nonspendable	9,460	-	-	-	162,502	171,962
Restricted	414,753	-	-	-	495,809	910,562
Committed	14,483,982	-	13,225,476	-	-	27,709,458
Assigned	3,186,325	20,750,289	-	119,698	444,247	24,500,559
Unassigned	35,319,585	1,411,224	-	-	-	36,730,809
Total fund balances	<u>53,414,105</u>	<u>22,161,513</u>	<u>13,225,476</u>	<u>119,698</u>	<u>1,102,558</u>	<u>90,023,350</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 104,826,228</u>	<u>\$ 26,834,475</u>	<u>\$ 13,309,468</u>	<u>\$ 832,379</u>	<u>\$ 20,605,780</u>	<u>\$ 166,408,330</u>

Continued

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Total fund balances per the Balance Sheet for Governmental Funds	\$	90,023,350
Amounts reported in the Statement of Net Position (Exhibit A) are different because:		
Capital assets are not financial resources and therefore are not reported in the funds statements. The Statement of Net Position, however, includes these assets, net of accumulated depreciation:		237,625,716
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the governmental funds and are not included in fund balance:		
Deferred outflows-pensions		19,969,674
Deferred outflows-OPEB		5,167,029
Deferred inflows-pensions		(2,825,200)
Deferred inflows-OPEB		(10,640,145)
Internal service funds area used by management to charge the cost of certain activities such as insurances and telecommunication to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the Statement of Net Position:		
Internal service funds net position, less amounts reflected in capital assets, deferred inflows/outflows, and net pension liabilities		18,290,243
Some of the city's property taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore are unavailable in the funds:		723,875
Some liabilities, including general bonds payable, are not due as payable in the current period and therefore are not reported as fund liabilities. All liabilities are included in the Statement of Net Position:		
Accrued interest payable		(983,533)
Unamortized premiums on bonds		(7,988,947)
Bonds payable		(93,862,907)
Net deferred amount on refunding		(444,465)
Net pension liability		(78,995,881)
Net OPEB liability		(23,369,599)
Compensated absences		(3,018,427)
Net position per the Statement of Net Position (Exhibit A)	\$	<u>149,670,783</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF CHARLOTTESVILLE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT D

	General Fund	Capital Projects Fund	Debt Service Fund	Social Service Fund	Other Governmental Funds	Total
Taxes	\$ 135,496,329	\$ -	\$ -	\$ -	\$ -	\$ 135,496,329
Fees and permits	2,783,672	31,157	-	-	-	2,814,829
Intergovernmental	27,916,259	5,658,783	129,129	10,249,720	26,447,136	70,401,027
Charges for services	6,148,578	195,311	-	-	4,548,436	10,892,325
Fines	157,302	-	-	-	-	157,302
Investment earnings	725,202	-	15,954	1	8,009	749,166
Miscellaneous	871,378	119,611	-	8,220	308,062	1,307,271
Total revenues	174,098,720	6,004,862	145,083	10,257,941	31,311,643	221,818,249
Current:						
General government	23,696,251	3,484,819	269,609	-	4,374,611	31,825,290
Public safety	36,620,869	713,196	-	-	1,277,998	38,612,063
Community services	8,018,842	2,644,354	-	-	10,686,799	21,349,995
Health and welfare	5,418,666	-	-	13,731,782	17,389,975	36,540,423
Parks, recreation and culture	10,376,381	565,505	-	-	44,041	10,985,927
Education	57,041,298	1,195,167	-	-	-	58,236,465
Conservation and development	6,909,310	4,713,830	-	-	2,330,934	13,954,074
Debt service:						
Retirement of principal	-	-	7,280,278	-	-	7,280,278
Interest	-	-	3,134,902	-	-	3,134,902
Capital outlay	1,905,121	7,022,901	-	-	262,969	9,190,991
Total expenditures	149,986,738	20,339,772	10,684,789	13,731,782	36,367,327	231,110,408
Revenues over (under) expenditures	24,111,982	(14,334,910)	(10,539,706)	(3,473,841)	(5,055,684)	(9,292,159)
Transfers in (note 7)	5,776,201	4,994,660	10,354,393	3,473,841	4,985,137	29,584,232
Transfers out (note 7)	(23,647,470)	(107,021)	-	-	(53,541)	(23,808,032)
Issuance of debt (note 9)	-	20,961,923	4,538,777	-	-	25,500,700
Premium on issuance of debt (note 9)	-	3,643,188	-	-	-	3,643,188
Payment to refunding bond escrow agent (note 9)	-	-	(4,538,777)	-	-	(4,538,777)
Total other financial sources (uses)	(17,871,269)	29,492,750	10,354,393	3,473,841	4,931,596	30,381,311
Net change in fund balance	6,240,713	15,157,840	(185,313)	-	(124,088)	21,089,152
Fund Balance July 1, 2020 as Restated	47,173,392	7,003,673	13,410,789	119,698	1,226,646	68,934,198
Fund Balance June 30, 2021	\$ 53,414,105	\$ 22,161,513	\$ 13,225,476	\$ 119,698	\$ 1,102,558	\$ 90,023,350

Continued

CITY OF CHARLOTTESVILLE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT D - Concluded

Net change in fund balances - total governmental funds (Exhibit D) \$ 21,089,152

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:

Governmental funds report the cost of equipment and facilities required as current expenditures while the Statement of Activities reports depreciation expense to allocate those expenses over the life of the assets:

Capital outlay	9,390,495
Depreciation expense	(11,508,980)
Net gain (loss) on disposal of assets	(15,893)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the following:

Change in deferred property taxes	(421,089)
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Debt proceeds provide current financing resources to governmental funds but debt issues increase long-term liabilities in the Statement of Net Position. Principal payments are expenditures in governmental funds but reduce long-term liabilities in the Statement of Net Position:

New debt issued	(20,961,923)
Principal payments	7,280,278

Governmental funds report interest on long-term debt as expenditures when payments are due, while the Statement of Activities reports interest expense on the accrual basis:

Change in accrued interest	105,863
Change in amortization of bond premium	(2,675,343)
Interest earned on bond refunding	168,804

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in compensated absences	(12,444)
Change in net pension liability	(6,424,377)
Net change in deferred outflows and deferred inflows of resources related to net pension liability	5,876,704
Change in net OPEB liability	6,042,119
Net change in deferred outflows and deferred inflows of resources related to net OPEB liability	(2,032,708)

The change in net position of internal service funds, less amounts reflected in long term assets and liabilities, and deferred outflows of resources, and deferred inflows of resources, is combined with governmental activities on the Statement of Activities.	224,721
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Change in net position per the Statement of Activities (Exhibit B)	\$ 6,125,379
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The accompanying notes are an integral part of the basic financial statements.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,929,089	\$ 3,451,234	\$ 9,751,692	\$ 7,223,450	\$ 149,947	\$ 22,505,412	\$ 22,455,062
Accounts receivable, net	858,548	920,652	652,299	75,323	-	2,506,822	107,909
Unbilled accounts receivable	1,210,635	1,414,655	1,292,001	-	-	3,917,291	-
Inventories	-	-	-	-	16,131	16,131	771,045
Prepaid expenses	-	-	727,300	-	-	727,300	110,936
Restricted cash and investments	4,664,193	3,009,172	-	1,998,179	-	9,671,544	-
Total current assets	8,662,465	8,795,713	12,423,292	9,296,952	166,078	39,344,500	23,444,952
Noncurrent assets:							
Land	-	-	584,291	-	1,337,432	1,921,723	-
Easements	12,625	95,600	34,100	-	-	142,325	-
Buildings and improvements	18,919	39,014	-	-	1,819,260	1,877,193	48,364
Vehicles	643,995	1,290,605	2,141,865	541,608	13,732	4,631,805	25,200
Transmission lines and mains	52,139,643	48,632,610	43,539,905	1,016,826	-	145,328,984	-
Storm drainage	-	-	-	8,583,716	-	8,583,716	-
Equipment	552,415	420,505	1,872,036	19,374	241,498	3,105,828	10,216,762
Accumulated depreciation	(17,198,712)	(12,723,794)	(33,669,047)	(971,730)	(1,716,599)	(66,279,882)	(9,571,824)
Total noncurrent assets	36,168,885	37,754,540	14,503,150	9,189,794	1,695,323	99,311,692	718,502
Total assets	44,831,350	46,550,253	26,926,442	18,486,746	1,861,401	138,656,192	24,163,454
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charges on refunding losses	11,429	49,497	-	-	-	60,926	-
Deferred charges-pension	351,882	364,826	1,543,349	161,666	65,391	2,487,114	614,006
Deferred charges-OPEB	84,300	94,005	351,190	42,049	6,795	578,339	89,046
Total deferred outflows of resources	447,611	508,328	1,894,539	203,715	72,186	3,126,379	703,052
LIABILITIES							
Current liabilities:							
Accounts payable	987,979	883,058	1,304,703	237,598	6,802	3,420,140	292,164
Accrued liabilities	584,464	488,447	393,282	157,414	44,785	1,668,392	3,183,400
Accrued interest payable	241,980	272,846	-	64,083	-	578,909	-
Customer deposits	202,421	-	697,743	-	-	900,164	-
Due to other funds	-	-	-	-	-	-	1,050,235
Liabilities due in less than one year	1,848,092	2,132,407	26,700	467,401	1,742	4,476,342	9,705
Total current liabilities	3,864,936	3,776,758	2,422,428	926,496	53,329	11,043,947	4,535,504
Noncurrent liabilities:							
Liabilites due in more than one year	26,284,775	24,558,858	195,802	8,502,114	12,775	59,554,324	71,178
Net pension liability	1,456,973	1,318,089	5,817,240	150,215	440,898	9,183,415	2,837,050
Net OPEB liability	463,609	417,201	1,885,904	74,843	157,605	2,999,162	1,302,793
Total noncurrent liabilities	28,205,357	26,294,148	7,898,946	8,727,172	611,278	71,736,901	4,211,021
Total liabilities	32,070,293	30,070,906	10,321,374	9,653,668	664,607	82,780,848	8,746,525
DEFERRED INFLOWS OF RESOURCES							
Deferred charges on refunding gains	75,601	72,616	-	-	-	148,217	-
Deferred charges-pension	60,497	42,258	222,809	(9,291)	20,808	337,081	163,715
Deferred charges-OPEB	189,309	186,754	678,387	38,986	20,149	1,113,585	233,225
Total deferred inflows of resources	325,407	301,628	901,196	29,695	40,957	1,598,883	396,940
NET POSITION							
Net investment in capital assets	14,978,857	14,312,509	13,718,827	3,456,405	1,723,363	48,189,961	718,503
Unrestricted	(2,095,596)	2,373,537	3,879,588	5,550,694	(495,340)	9,212,883	15,004,538
Total net position	\$ 12,883,261	\$ 16,686,046	\$ 17,598,415	\$ 9,007,099	\$ 1,228,023	\$ 57,402,844	\$ 15,723,041
Total net position						\$ 57,402,844	
Allocated internal services:							
	Warehouse assets					723,484	
	Warehouse deferred outflows					52,628	
	Warehouse liabilities					(292,545)	
	Warehouse deferred inflows					(28,612)	
	Total allocation of warehouse net position					454,955	
	Net position of business-type activities					\$ 57,857,799	

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
OPERATING REVENUES							
Utility charges	\$ 11,882,305	\$ 15,792,181	\$ 25,333,523	\$ 1,926,254	\$ -	\$ 54,934,263	\$ -
Charges for services	235,801	63,113	765,044	168,126	1,143,776	2,375,860	23,988,838
Total operating revenues	12,118,106	15,855,294	26,098,567	2,094,380	1,143,776	57,310,123	23,988,838
OPERATING EXPENSES							
Purchases for resale	5,761,381	9,071,981	11,134,585	-	28,888	25,996,835	1,501,491
Personnel costs	1,239,337	1,080,888	5,174,182	760,187	311,880	8,566,474	1,532,827
Materials and supplies	396,767	65,025	811,332	14,654	27,638	1,315,416	614,503
Contractual services and charges	1,124,333	2,139,979	2,973,944	129,387	643,912	7,011,555	1,454,395
Depreciation	1,372,707	1,177,045	1,321,352	307,419	27,988	4,206,511	203,203
Claims incurred	-	-	-	-	-	-	15,314,079
Insurance premiums	-	-	-	-	-	-	3,333,616
Total operating expenses	9,894,525	13,534,918	21,415,395	1,211,647	1,040,306	47,096,791	23,954,114
Operating income (loss)	2,223,581	2,320,376	4,683,172	882,733	103,470	10,213,332	34,724
NONOPERATING REVENUES (EXPENSES)							
Gain/Loss on capital asset disposition	-	9,600	45,601	-	-	55,201	-
Interest expense	(559,811)	(633,757)	(12,971)	(153,415)	-	(1,359,954)	-
Interest income	(2,901)	23,238	28,018	17,767	-	66,122	21,885
Bond issuance expense	(97,223)	(46,160)	-	(38,357)	-	(181,740)	-
Capacity fees	247,000	429,050	-	-	-	676,050	-
Insurance recovery	-	-	18,012	-	-	18,012	59,364
Total nonoperating revenues (expenses), net	(412,935)	(218,029)	78,660	(174,005)	-	(726,309)	81,249
Income (loss) before contributions and transfers	1,810,646	2,102,347	4,761,832	708,728	103,470	9,487,023	115,973
Transfers out	(866,528)	(928,278)	(3,981,395)	-	-	(5,776,201)	-
Total transfers, net	(866,528)	(928,278)	(3,981,395)	-	-	(5,776,201)	-
Change in net position	944,118	1,174,069	780,437	708,728	103,470	3,710,822	115,973
Total net position - July 1, 2020 Restated	11,939,143	15,511,977	16,817,978	8,298,371	1,124,553	53,692,022	15,607,068
Total net position - June 30, 2021	\$ 12,883,261	\$ 16,686,046	\$ 17,598,415	\$ 9,007,099	\$ 1,228,023	\$ 57,402,844	\$ 15,723,041
Total business-type change in net position						\$ 3,710,822	
Warehouse sales operating revenues						933,790	
Expenses associated with warehouse sales						(927,972)	
Net internal service fund allocation						5,818	
Change in net position of business-type activities						\$ 3,716,640	

The accompanying notes are an integral part of the basic financial statements.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2021**

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
OPERATING ACTIVITIES							
Receipts from customers	\$ 11,912,655	\$ 14,224,327	\$ 24,993,750	\$ 2,087,690	\$ 1,143,776	\$ 54,362,198	\$ 23,900,114
Payments to suppliers	(9,579,904)	(9,959,027)	(13,840,650)	(285,849)	(692,598)	(34,358,028)	(21,733,185)
Payments to employees	(1,272,735)	(1,165,002)	(5,463,188)	(758,416)	(312,448)	(8,971,789)	(1,440,761)
Net cash provided by (used for) operating activities	1,060,016	3,100,298	5,689,912	1,043,425	138,730	11,032,381	726,168
NONCAPITAL FINANCING ACTIVITIES							
Insurance recovery	-	-	18,012	-	-	18,012	59,364
Transfers in	(7,200,000)	(12,000,000)	(1,200,000)	(2,718,732)	-	(23,118,732)	-
Transfers out	6,333,472	11,071,722	(2,781,395)	2,718,732	-	17,342,531	-
Net cash provided by (used for) noncapital financing activities	(866,528)	(928,278)	(3,963,383)	-	-	(5,758,189)	59,364
CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition of capital assets	(3,667,624)	(1,354,920)	(554,530)	(1,525,359)	-	(7,102,433)	(52,221)
Capacity fees	247,000	429,050	-	-	-	676,050	-
Bond proceeds	10,941,000	4,263,300	-	4,100,000	-	19,304,300	-
Bond principal paid	(1,446,583)	(2,147,803)	(54,600)	(265,000)	-	(3,913,986)	-
Interest paid	(719,825)	(877,854)	(13,130)	(196,773)	-	(1,807,582)	-
Bond issuance expenses	(97,223)	(46,160)	-	(38,357)	-	(181,740)	-
Premium on bonds issued	1,838,237	830,465	-	641,399	-	3,310,101	-
Net cash provided by (used for) capital and related financing	7,094,982	1,096,078	(622,260)	2,715,910	-	10,284,710	(52,221)
INVESTING ACTIVITIES							
Interest on investments	(2,901)	23,238	28,018	17,767	-	66,122	21,885
Net cash provided by investment activities	(2,901)	23,238	28,018	17,767	-	66,122	21,885
Net increase (decrease) in cash and cash equivalents	7,285,569	3,291,336	1,132,287	3,777,102	138,730	15,625,024	755,196
Balances - July 1, 2020	0	4,739,916	8,556,303	5,444,527	\$ 11,217	18,751,963	21,704,763
Balances - June 30, 2021	\$ 6,593,282	\$ 6,460,406	\$ 9,751,692	\$ 9,221,629	\$ 149,948	\$ 32,176,957	\$ 22,455,062
Reconciliation of operating income (loss) to net cash used in operating activities							
Operating Income (Loss)	\$ 2,223,581	\$ 2,320,376	\$ 4,683,172	\$ 882,733	\$ 103,470	\$ 10,213,332	\$ 34,724
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	1,372,707	1,177,045	1,321,352	307,419	27,988	4,206,511	203,203
(Increase) decrease in accounts receivable	(211,063)	(331,618)	(1,126,662)	(6,690)	-	(1,676,033)	(88,724)
(Increase) decrease in inventories	-	-	-	-	6,856	6,856	(33,821)
(Increase) decrease in prepaid expenses	-	-	436,180	-	-	436,180	-
Increase (decrease) in accounts payable	(2,288,036)	18,608	665,770	(77,808)	984	(1,680,482)	257,144
Increase (decrease) in accrued liabilities	3,801	9,209	17,692	(8,300)	3,183	25,585	11,980
Increase (decrease) in customer deposits	(3,775)	-	(895)	-	-	(4,670)	-
Increase (decrease) in compensated absences	(3,007)	1,353	(3,104)	(3,247)	124	(7,881)	19,011
Increase (decrease) in insurance claims payable	-	-	-	-	-	-	372,178
Net pension liability change for measurement year	29,508	(19,149)	(25,813)	(16,170)	1,123	(30,501)	17,291
Net OPEB liability change for measurement year	(63,700)	(75,526)	(277,780)	(34,512)	(4,998)	(456,516)	(66,818)
Net cash provided by (used for) operating activities	\$ 1,060,016	\$ 3,100,298	\$ 5,689,912	\$ 1,043,425	\$ 138,730	\$ 11,032,381	\$ 726,168

The accompanying notes are an integral part of the basic financial statements.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended JUNE 30, 2021

	<u>Pension Trust Funds</u>
ASSETS	
Interest receivable	302,489
Investments (note 3b):	
Common stocks	71,240,788
Corporate fixed income securities	14,516,455
Government and agency fixed income securities	22,249,542
Mutual Funds:	
Domestic	48,230,389
International	28,580,856
Alternative Investments:	
Agriculture	8,929,341
Real Estate	18,183,497
Total investments	<u>211,930,868</u>
Total assets	<u>212,233,357</u>
LIABILITIES	
Accounts payable	222,704
Total liabilities	<u>222,704</u>
NET POSITION	
Net position - restricted	<u><u>\$ 212,010,653</u></u>

The accompanying notes are an integral part of the basic financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended JUNE 30, 2021

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 15,355,767
Plan members	2,320,202
Total contributions	<u>17,675,969</u>
Investment earnings:	
Net increase in fair value of investments	45,762,482
Interest	1,188,529
Dividends	1,389,451
Total investment earnings	<u>48,340,462</u>
Less investment expenses	<u>808,412</u>
Net investment earnings	<u>47,532,050</u>
Total additions	<u>65,208,019</u>
DEDUCTIONS	
Pension benefits	13,892,422
Refund of plan member contributions	175,016
Other post-retirement benefits	5,528,074
Administrative expenses	341,030
Total deductions	<u>19,936,542</u>
Increase in net position	45,271,477
Net Position - July 1, 2020	166,739,176
Net position - June 30, 2021	<u>\$ 212,010,653</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, *the primary government* is reported separately from certain legally separated component units for which the primary government is financially accountable.

(b) Reporting entity

The City of Charlottesville, Virginia (the City) is a political subdivision of the Commonwealth of Virginia operating under the Council-Manager form of government. The Council consists of five members elected at large. The mayor is then selected among the Council members. The Council is responsible for appointing the City Manager. The City has taxing powers subject to statewide restrictions and tax limits. The accompanying financial statements include all activities of the City, such as general operations and support services for which the government is considered to be financially accountable. The component units discussed below are included in the City Reporting Entity because the City appoints a majority of the CEDA board members, approves the budgetary request of the School Board and provides a significant amount of funding for each of these entities.

Discretely presented component units. The component unit columns in the government-wide financial statements include the financial data of the City's two component units. Each is presented in a separate column to emphasize that these units are legally separate from the City and each represents a functionally independent operation. These component units are fiscally dependent on the City and provide services primarily to the citizens of Charlottesville. A description of the discretely presented component units follows:

- (i) **School Board:** The City provides education through its own school system administered by the Charlottesville School Board (the School Board). The School Board has been classified as a discretely presented component unit in the financial reporting entity because it is legally separate but financially dependent. The City Council administers the School Board's appropriation of funds at the category level, approves transfers between categories, and authorizes school debt. School Board members are elected. Financial statements of the School Board are included in a discretely presented component unit column and/or row of the government-wide financial statements, as well as in the supplementary information section. The School Board does not issue separate financial statements.
- (ii) **Economic Development Authority:** The Charlottesville Economic Development Authority (the CEDA) was established to promote industry and develop trade by inducing manufacturing, industrial, and commercial enterprises to locate or remain in the City. City Council appoints the seven board members of the CEDA. By statute, the CEDA has the power to cause the issuance of tax-exempt industrial revenue bonds to qualifying enterprises wishing to utilize that form of financing. The City is involved in the day-to-day operations of the CEDA the determination of its operating budget and annual service fee rates. Financial statements of the CEDA are included in a discretely presented component unit column and/or row of the government-wide financial statements. Complete audited financial statements of the CEDA can be obtained from the Office of Economic Development, City of Charlottesville, PO Box 911, Charlottesville, VA 22902 or Room B230 at City Hall.

(c) Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are inter-related. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water, wastewater, and gas functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue for the various functions concerned.

The *Statement of Net Position* is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component units. The City reports investment in capital assets net of depreciation, including infrastructure, in the Statement of Net Position. Depreciation expense, the cost of "using up" capital assets, is included in the Statement of Activities. Noncurrent liabilities including bonds, net pension liability, notes and loans payable are included, separated into due within one year and due in more than one year. The net position of the City is reported in three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

The *Statement of Activities* reports expenses before revenues of the primary government (governmental and business-type activities) and its discretely presented component units. This order emphasizes that governments identify the service needs of citizens and then raise the resources needed to meet those needs. This presentation demonstrates the degree to which direct expenses of a clearly identifiable function or segment are reduced by program revenues associated with that function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a program. All taxes and other items not included among program revenues, are reported instead as general revenues.

(d) Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is used to account for and report all of the financial resources except for those not accounted for and reported in another fund. It is the City's primary operating fund. Revenues are derived primarily from property and other local taxes, state (including pass through of federal funds), federal distributions, licenses, permits, charges for services, fees, Albemarle County Revenue Sharing and other revenue sources. A significant portion of the General Fund's revenue is transferred to other funds and the Charlottesville School Board, (a component unit), to finance operations.

The *Capital Projects Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Revenues for this fund are obtained from bond issues, a transfer from the General Fund, federal and state highway funds, PEG fee revenue and contributions from Charlottesville School Board and other local governments for shared facilities.

The *Debt Service Fund* is used to account for and report all financial resources that are restricted, committed, or assigned to expenditures for principal and interest. Payments are made on long-term general obligation debt of governmental funds including bonds, notes and other evidence of indebtedness and the cost of issuance of debt issued by the City.

The *Social Services Fund*, which is a special revenue fund, accounts for the financial resources associated with the Charlottesville Department of Social Services (CDSS). Social Services provides state and federal income support, employment assistance and social work service programs to alleviate poverty and other social problems.

CITY OF CHARLOTTESVILLE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Proprietary funds, all of which are considered major funds, are used to account for and report on their activities using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The purpose of a proprietary fund is to provide a service or product to the public or other governmental entities at a reasonable cost. The City reports the following enterprise funds as proprietary fund types:

The *Water Fund* accounts for the operations of the City's water distribution system.

The *Sewer Fund* accounts for the operations of the City's wastewater collection system.

The *Gas Fund* accounts for the operations of the City's natural gas distribution system.

The *Stormwater Fund* accounts for the operations of the City's waterways.

The *Golf Course Fund* accounts for the operations of the City's 18-hole municipal golf course.

The *Fiduciary Fund* accounts for the activities for the two pension trust funds for retirement and postemployment benefits. The trust funds accumulate resources for pension payments and benefits for qualified city employees. Fiduciary funds cannot be used to finance the City's operating programs and are not included in the government-wide financial statements.

Additionally, the City reports the following fund types:

Special Revenue Funds are nonmajor governmental funds used to account and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The City has established special revenue funds to account for the Community Development Block Grant, Grants, Human Services Programs, Children's Services Act, Virginia Juvenile Community Crime Control Act, Charlottesville Area Transit and Grants, which is a consolidation Grants from federal, state and local funding sources. Cemetery perpetual care is included, which is a permanent fund.

Internal Service Funds are used to account for and report the financing of goods and services provided by one department primarily or solely to other departments of the City. Information Technology, Risk Management, Warehouse and Departmental Services are accounted for and reported as Internal Service Funds. In the government-wide Statement of Net Position, the assets and liabilities of these funds are allocated to both governmental and business-type activities, based on the predominate use of the fund's services. Specifically, the assets and liabilities of the Warehouse Internal Service Fund are allocated completely to the City's Enterprise Funds based on predominate usage. The remaining Internal Service Fund balances are allocated to governmental activities. In the government-wide Statement of Activities, certain transactions are assigned directly to governmental activities and the remaining net income or loss is allocated to both governmental and business-type activities, based on actual charges for services.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included in the business-type activities column.

Further, certain activities occur during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

(e) Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial*

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recorded as earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In applying the *susceptible to accrual* concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of intergovernmental revenues. In the first type, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon when the expenditures are recorded. In the second type, monies are virtually unrestricted as to time of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the accrual criteria are met.

The governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as capital outlay in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total net position for governmental activities as shown on the government-wide Statement of Net Position and the government-wide Statement of Activities is presented in a schedule accompanying the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance, respectively. These differences stem from governmental statements using a different measurement focus than government-wide statements.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds, the operation of which are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred inflows, liabilities, deferred inflows, fund balance, revenues and expenditures (or expenses for proprietary funds), as appropriate.

Property taxes, sales taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 45 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary and pension trust funds are reported using *the economic resources measurement focus and the accrual basis of accounting*.

(f) Cash, cash equivalents and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, money market mutual funds and certificates of deposit with original maturities of twelve months or less from date of acquisition. Investments are reported at fair value (generally based on quoted market prices) or the net asset value per share.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

(g) Allowance for uncollectible accounts

The City calculates its allowances for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2021, the allowances approximated \$242,013 in the General Fund, \$1,271,102 in the Proprietary Funds (\$270,744, \$364,940, \$609,292, and \$26,126) for the Water, Sewer, Stormwater and Gas Funds, respectively, and \$3,497,884 in the Capital Projects Fund.

(h) Inventory of supplies and prepaid items

Inventories are valued at cost using the weighted average method. Inventories consist of expendable materials and supplies held for future consumption. They are accounted for by the consumption method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide financial statements.

(i) Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets and bridges,) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All infrastructures has been inventoried, valued and included in the basic financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of at least two years. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their acquisition value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building/building improvements	40-50
Streets and bridges	30-50
Infrastructure (storm structures and storm pipe)	50-75
Utility transmission lines and mains	20-40
Furniture and equipment	5-10
Vehicles	5-7

(j) Deferred outflows/inflow of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Included as both an outflow and inflow are *deferred charges on refunding* reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

Unavailable tax revenues are included on both the Statement of Net Position and the Balance Sheet as deferred inflow of resources. General property taxes levies assessed each year as of January 1 on the estimated market value of property are due in equal semiannual payments due June 5 and December 5. The deferred tax revenues represent payments due on December 5.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Pension plan changes for measurement date June 30, 2020 are presented on the Statement of Net Position. Actuarially determined *deferred outflows of resources* include changes in the expected and actual experience, along with changes in expected and actual investment earnings, change in proportion on beginning net pension liability, changes in proportions and difference between employer contribution and proportionate share of contributions, changes in assumptions, and employer contributions subsequent to the measurement date. *Deferred inflows of resources* consists of the current year's amortization, actuarially determined changes in proportion on beginning net pension liability, difference between expected and actual investment earnings, and changes in proportion between employer contribution and proportionate share of contributions.

(k) Compensated absences

City employees are granted vacation and sick leave in varying amounts as services are provided. Employees may accumulate, subject to certain limitations, unused vacation and sick leave earned. Vacation leave can be accrued up to the amount earned in one year, plus an additional week. Upon retirement, termination or death, employees may be compensated for certain amounts of unused vacation leave earned at their then current rates of pay. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. In addition, unused sick leave becomes credited service for pension benefit calculations, for one-half of the accumulated amount, up to a maximum of two thousand hours.

School Board employees also earn vacation and sick leave as services are provided. At June 30, 2015, the methodology for calculating the unused sick leave payable at retirement changed from the assumption that employees would resign before retirement to the assumption that employees would stay until eligible for retirement.

Sick leave earned but not taken by City and School Board employees at June 30, 2021, approximated \$13,272,280 and \$13,323,944 respectively. Upon retirement, no cash payments are made for sick leave. Therefore, an accrued balance is not recorded in the financial statements.

(l) Risk management

The City is exposed to various risks of loss related to torts; errors and omissions; injuries to and illnesses of employees; theft of, damage to, and destruction of assets; and natural disasters. The City employs a variety of risk management techniques, including the purchase of commercial insurance, participation in insurance pools and self-insurance. All funds of the City participate in the risk program and make payments to the Risk Management Internal Service Fund in a manner that is appropriate in allocating the costs associated with the risk involved. Claims, including incurred but not reported (IBNR) claims, are recognized as expense when incurred. There have been no significant changes in coverage from the prior year, nor have settlements exceeded coverage in the past five fiscal years.

(m) Encumbrances

Encumbrances are used to control expenditure commitments for the year and to enhance cash management. Accounting for encumbrances is employed in all governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end are reported as assigned fund balance and do not constitute expenditures or liabilities, but are obligations that will be paid in a following year.

(n) Pensions and other post-employment benefits (OPEB)

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension and OPEB expense, and information about the fiduciary net position of the City of Charlottesville Supplemental Retirement or Pension Plan and Virginia Retirement System (VRS) and additions to/deductions from those fiduciary net positions have been determined on the same basis as they are reported by the City Pension Plan and VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

(o) Fiduciary Activities

As of fiscal year ended June 30, 2021, the City implemented GASB 84 Fiduciary Activities. Although the City has maintained Fiduciary Funds for over the past ten years, this is the first year that it has met the requirements for this standard, and for its component units.

2. GOVERNMENT-WIDE AND FUND EQUITY

For government-wide, proprietary funds and fiduciary funds financial statements, equity is described as net position (total assets minus total liabilities) and is broken down into three components: (1) amount invested in capital assets, net of related debt, (2) restricted and (3) unrestricted net position. The City's policy is to consider restricted net position to have been depleted before using any of the components of unrestricted net positions. For governmental funds, equity is described as fund balance (current assets minus current liabilities), which is broken down into nonspendable, restricted, committed, assigned and unassigned fund balance.

- **Net investment in capital assets** consists of capital assets less accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction, or permanent improvement of those assets. Unspent debt proceeds are excluded.
- **Restricted net position** reflects net position whose use is not subject solely to the government's own discretion.
- **Unrestricted net position** consists of net position that does not meet the definition of the two preceding categories. Unrestricted net assets are often designated to indicate that management does not consider them available for general operations. Unrestricted net assets often have constraints on resources that are imposed by management, but can be modified or removed.
- **Deferred outflows of resources** consists of consumption of net position by the City that is applicable to future periods.
- **Deferred inflows of resources** consists of acquisition of net position by the City that is applicable to future periods.

(a) Fund Balances:

City Council is the City's highest level of decision making authority. City Council can modify or rescind a fund balance through adoption of an appropriation. Assigned fund balance contains purchase orders and amounts at year end that City Council intends to use for a specific purpose.

The City maintains a minimum fund balance in the General Fund, classified as unassigned fund balance. The minimum fund balance policy is found in the City's adopted operating budget. Currently, the City is to maintain a minimum of 14% of the operating budget in fund balance plus a downturn reserve of no less than 3% of the General Fund operating budget. City Council may elect to maintain a higher unassigned fund balance to provide the City with sufficient working capital and a margin of safety to address emergencies and unexpected declines in revenue without borrowing.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The City Manager has the authority to deviate from this policy if it is in the best interest of the City.

- **Nonspendable** - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** - Represents amounts with constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** - Represents specific purposes in accordance with internal constraints imposed by formal action of the City's highest level of decision-making, Charlottesville City Council. The formal action is an

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

appropriation, which designates funds for particular usage, to the exclusion of all other uses. Once adopted, the appropriation can only be changed by City Council through similar action.

- **Assigned** – Represents amounts that are constrained by City Council's intent to use for specific purposes, but meet neither the restricted or committed forms of constraint. Amounts that are assigned are only temporary until City Council takes formal action with an appropriation.
- **Unassigned** – Represents the residual category for the general fund only. It is also where negative fund balance for all other governmental funds would be reported.

Fund balances are composed of the following at June 30, 2021:

	General Fund	CIP Fund	Debt Fund	Social Services Fund	Other Funds	Total
Nonspendable for:						
Prepaid expenses	\$ 9,460	\$ -	\$ -	\$ -	\$ -	\$ 9,460
Cemetery perpetual care	-	-	-	-	162,502	162,502
Total nonspendable	9,460	-	-	-	162,502	171,962
Restricted for:						
Loans receivable					10,000	10,000
Fire Programs	25,318	-	-	-	286,795	312,113
Law enforcement	184,541	-	-	-	45,807	230,348
Courthouse Maintenance/Construction	142,691	-	-	-	-	142,691
Commonwealth Attorney	62,203	-	-	-	-	62,203
Children Services Act	-	-	-	-	58,962	58,962
Health and Welfare	-	-	-	-	29,720	29,720
Youth Programs	-	-	-	-	74,525	74,525
Total restricted	414,753	-	-	-	495,809	910,562
Committed for:						
Nonrecurring vehicle/equipment	1,527,306	-	-	-	-	1,527,306
Repairs/improvements to Government buildings	653,987	-	-	-	-	653,987
Parking enterprise fund	1,052,639	-	-	-	-	1,052,639
Parks and Recreation Programs	80,307	-	-	-	-	80,307
Fire Programs	78,241	-	-	-	-	78,241
City Council initiatives	53,814	-	-	-	-	53,814
Council Reserve	428,820	-	-	-	-	428,820
Human Services	21,380	-	-	-	-	21,380
Citywide Reserve	7,392,407	-	-	-	-	7,392,407
Historic Resources	47,189	-	-	-	-	47,189
Workforce Development	89,803	-	-	-	-	89,803
Sheriff Programs	183,582	-	-	-	-	183,582
City Manager Programs	137,909	-	-	-	-	137,909
Corporate Training	47,336	-	-	-	-	47,336
Reserve for landfill remediation	2,669,639	-	-	-	-	2,669,639
Innovation	19,623	-	-	-	-	19,623
Future debt Services	-	-	13,225,476	-	-	13,225,476
Total Committed	14,483,982	-	13,225,476	-	-	27,709,458
Assigned for:						
Purchases on Order	2,177,192	20,750,289	-	-	50,013	22,977,494
Health and Welfare	-	-	-	119,698	394,234	513,932
Subsequent year's budget	1,009,133	-	-	-	-	1,009,133
Total assigned	3,186,325	20,750,289	-	119,698	444,247	24,500,559
Unassigned:	35,319,585	1,411,224	-	-	-	36,730,809
Total fund balance	53,414,105	22,161,513	13,225,476	119,698	1,102,558	90,023,350

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

(b) Encumbrances

As discussed in the required supplementary information, unexpended general fund appropriations lapse at the end of the fiscal year unless carried over by Council action. Budgets for some special revenue funds and debt service funds are adopted on an annual basis. The capital projects fund and grant fund budgets are adopted on a project life basis. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Vehicle and Equipment purchases	\$ 378,434	\$ -	\$ -	\$ 378,434
Government Building improvements	396,555	51,494	-	448,049
Parking enterprise fund	-	-	-	-
General Programs	57,982	3,590,546	5,000	3,653,528
Public Safety	568,167	42,957	49,402	660,526
Community Service	64,775	4,242,225	345,089	4,652,089
Street Construction and Maintenance	92,220	12,112,034	-	12,204,254
Health and Welfare	-	-	809,684	809,684
Park and Recreation	459,843	375,048	-	834,891
Education	42,244	285,319	-	327,563
Conservation and Development	116,972	50,666	320,978	488,616
	<u>\$ 2,177,192</u>	<u>\$ 20,750,289</u>	<u>\$1,530,153</u>	<u>\$ 24,457,634</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

(a) Primary Government

At June 30, 2021, the carrying value of the City's deposits and investments, with their respective credit ratings, was as follows:

<u>Deposit and Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$ 58,472,755	Various
Cash on hand	6,540	Various
Commonwealth LGIP	1,560,275	AAAm
Money Market Mutual Funds	4,631,969	AAAm
Commonwealth Non-Arbitrage Program (SNAP)	25,060,431	AAAm
Virginia Investment Pool	21,643,793	AAAm
Total deposits and investments	<u>\$ 111,375,763</u>	

Investments at Fair Value:

Effective July 1, 2015, the City adopted the provisions of GASB Statement 72, *Fair Value Measurement and Application*. This statement establishes standards of accounting and reporting related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by GASB 72. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and are described as follows.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs, known as the market value approach; which uses prices and other relevant information generated by market transactions involving identical or comparable assets.
- Level 3 inputs are significant unobservable inputs.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021, there was no change in valuation techniques that had a significant impact on the values. The fair value hierarchy of Primary Government Investments was as follows:

Investment Type	Level 1	Level 2	Level 3	Total	Credit Rating
Corporate certificate of deposit	\$ -	\$ 765,135	\$ -	\$ 765,135	Aa2 to Aa3
Corporate notes	-	2,849,078	-	2,849,078	Aaa to A3
U. S. Treasury notes	24,380,003	-	-	24,380,003	Aaa
Federal agency notes	-	3,826,338	-	3,826,338	Aaa
Total fair value investments	<u>\$ 24,380,003</u>	<u>\$ 7,440,551</u>	<u>\$ -</u>	<u>\$ 31,820,554</u>	

Credit Risk:

The City has a Statement of Investment Policy in accordance with the Commonwealth of Virginia Code section 2.2-400 et. seq., 2.2-4500 et. seq., 58.1-3123 et. seq. and Trust Agreements, where applicable. Deposits and investments not exposed to credit quality risk, as defined by GAAP, are designated as "N/A" in the credit rating column.

All demand deposits of the City are maintained in bank accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia Vol 1, Chapter 44 or covered by federal depository insurance.

Local Government Investment Pool (LGIP) is a specialized money market-like fund created in the 1980 session of the Virginia General Assembly designed to offer a convenient and cost-effective investment vehicle for public entities. The Fund is administered by the Treasury Board of the Commonwealth of Virginia and is rated AAAM by Standard & Poors, Inc.

The Virginia Investment Pool (VIP) was established in 2013 by local Treasurers and Investment Officers through sponsorship of the Virginia Association of Counties and the Virginia Municipal League. The impetus behind the creation of VIP was to develop an investment vehicle which local governments could jointly invest to prudently achieve higher earnings on operating and reserve funds. VIP enables local governments to take advantage of the full range of investments authorized in the Code of Virginia with the guidance of a professional fund manager. The stable NAV Liquidity Pool, rated AAAM by S&P, offers stable net asset value, daily liquidity, and a competitive yield.

Money Market Mutual Funds are shares in open-end, no-load investment funds registered under the Federal Investment Company Act of 1940, provided that the fund is rated at least AAAM or the equivalent by NRSRO.

The Commonwealth of Virginia State Non-Arbitrage Program (SNAP) was established pursuant to the Local Government Non-Arbitrage Investment Act to make available to Virginia counties, cities and towns assistance with the investment of and accounting for bond proceeds in compliance with rebate requirements of the Internal Revenue Code of 1986, as amended. The program is managed by PFM Asset Management LLC, an investment advisor registered with the Securities and Exchange Commission. SNAP provides local governments with a convenient method of pooling proceeds of bonds and notes for temporary investment pending their capital project expenditures. The SNAP program is sponsored by the Virginia Treasury Board and it is a GASB Statement 79 compliant local government investment pool.

Corporate notes are held with a rating at least Aa (or its equivalent) by Moody's Investor's Service, Inc. and Standard and Poors, Inc. The final maturity shall not exceed a period of five (5) years from the time of purchase.

Federal agency obligations include bonds, notes and other obligations of the United States, and securities issued by any Aaa rated federal government agency, instrumentality or government sponsored enterprise except for Collateralized Mortgage Obligations. The final maturity shall not exceed a period of five (5) years from the time of purchase.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Concentration of Credit Risk:

The Policy establishes limitations on portfolio diversification by security type and institution to control concentration of credit risk as follows:

<u>Permitted Investment</u>	<u>Sector Limit</u>	<u>Issue Limit</u>
U. S. Treasury Obligations	100 %	100 %
Federal Agency Obligations	100	100
Municipal Obligations	10	3
Commercial Paper	20	3
Bankers' Acceptances	10	3
Corporate Notes	20	3
Negotiable Certificates of Deposit and Bank Deposit Notes	20	3
Money Market Mutual Funds	100	50
LGIP	50	50
Repurchase Agreements	35	35

At June 30, 2021, the sector and issue limits have not been exceeded.

Interest Rate Risk:

As a means of limiting exposure to fair value arising from rising interest rates, the Policy limits the investment of operating funds to investments with a stated maturity of no more than five years from the date of purchase. Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities. At June 30, 2021, all investments in the City's portfolio had a maturity of five years or less.

Restricted Cash and Investments:

The City had unspent bond proceeds of \$7,914,322. Of this amount, \$4,504,678 was for governmental activities, and \$3,409,644 was business-type activities.

(b) City of Charlottesville Pension and OPEB Trust Fund

At June 30, 2021, the fair value hierarchy of Primary Government Investments, and the deposits and investments of the Pension Trust Fund, with the respective credit ratings, was as follows:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Credit Rating</u>
Common Stock	\$ 71,240,788	\$ -	\$ -	\$ 71,240,788	Various
Corp Fixes Income Securities	14,516,456	-	-	14,516,456	Aaa-B3
Government and agency fixes income securities				-	
Explicitly guaranteed by U.S. government	-	14,201,974	-	14,201,974	Various
Implicitly guaranteed by U.S. government	-	6,679,953	-	6,679,953	Aaa-Aa1
Municipal	-	1,367,616	-	1,367,616	Aaa-Aa1
Mutual Funds - domestic	-	48,230,389	-	48,230,389	Various
Mutual Funds - international	-	28,580,856	-	28,580,856	Various
Total investments at fair value	<u>\$ 85,757,244</u>	<u>\$ 99,060,788</u>	<u>\$ -</u>	<u>\$ 184,818,032</u>	
Demand deposits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Total demand deposits and investments at fair value	<u>\$ 85,757,244</u>	<u>\$ 99,060,788</u>	<u>\$ -</u>	<u>\$ 184,818,032</u>	

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Alternative Investments:

A provision of GASB Statement 72, *Fair Value Measurement and Application*, is to disclose detail pertaining to City's Alternative Investments. The fair value of these investment types has been determined using the Net Asset Value per Share of the City's ownership interest in partners' capital. The City is invested in four unique alternative investments that make up 12.8% of the Pension Trust Fund total investments. There are no unfunded commitments, nor do any of the funds have a set end date. The valuation method is presented on the following table:

Investment Type	Fair Value	Redemptions Frequency (if currently eligible)	Redemption Notice Period
Alternative investments - UBS AgriVest	\$ 3,930,966	Quarterly	60 days
Alternative investments - Ceres Farms	4,998,375	Annually	150 days
Alternative investments - RE PRISA	9,227,906	Quarterly	90 days
Alternative investments - RE PRISA II	8,955,591	Quarterly	90 days
Total alternative investments at fair value	<u>\$ 27,112,838</u>		

Credit Risk:

Investments in the Pension Trust Fund are managed in accordance with policies adopted by the Retirement Commission. These policies set target allocations of 50% for domestic equities, 20% for fixed income, 10% for international equities, 5% for Emerging Markets, 5% for Farmland, and 10% for real assets and authorizes investments in cash equivalents, fixed income securities, equity securities and mutual funds. The Statement specifically addresses the credit quality rating requirements on fixed income investments, permitting the purchase of investment grade bonds rated BBB or better. Fixed income investments rated below BBB shall constitute no more than 10% of the total market value of all assets in the account. Credit ratings in the table below are ratings from Moody's Investor's Service. If the investment was rated only by Standard & Poor's Rating Services, the table below has the Moody's equivalent rating. The following table summarizes the Pension Trusts' credit risk for corporate, implicitly guaranteed by U.S. government and municipal fixed income securities at June 30, 2021:

Investment Type	Rating	% of Total Portfolio
Corporate Bonds	No rating	5.2 %
Corporate Bonds	Aa1-Aa3	6.5
Corporate Bonds	A1-A3	11.0
Corporate Bonds	Baa1-B3	12.3
Federal Home Loan Mortgage Corporation	Aaa-Aa1	4.2
Federal National Mortgage Association	Aaa-Aa1	7.7
Implicitly Guaranteed Bonds	Aaa-Aa1	6.3
Municipal Bonds	Aaa-Aa1	3.7

Concentration of Credit Risk:

The policy establishes limitations on corporate securities by issuer in order to control concentration of credit risk as follows:

Company is not to exceed 5% of the total fund

The Plan has no investment that is greater than 5% of the total portfolio, excluding mutual funds and government securities.

Interest Rate Risk:

The Plan has no specific limits on the maximum maturity for any security held. There is a 5% limit on holding fixed income securities in any issuer, excluding government and government agency securities.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021, the Trust had the following investments and maturities:

	Investment Maturity			
	<u>Fair Value</u>	<u>0 - 5 years</u>	<u>6 - 10 years</u>	<u>11 - 40 years</u>
Corporate fixed income	\$ 14,516,455	\$ 4,894,428	\$ 3,484,386	\$ 6,137,641
Government fixed income	22,249,542	1,237,238	3,127,401	17,884,903
	<u>\$ 36,765,997</u>	<u>\$ 6,131,666</u>	<u>\$ 6,611,787</u>	<u>\$ 24,022,544</u>

Rate of Return:

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 28.42% at June 30, 2021 and 8.64% at June 30, 2020. The money-weighted rate of return expresses investment performance adjusted for the changing amounts actually invested.

(c) School Board Component Unit

At June 30, 2021, the carrying value of the School Board component unit deposits and investments, with their respective credit ratings, was as follows:

<u>Deposit and Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$ 12,405,526	N/A
Commonwealth LGIP	1,706,485	AAA _m
Total deposits and investments	<u>\$ 14,112,011</u>	

School Board deposits are invested in accordance with the City's investment policy. At June 30, 2021, excluding the demand deposits and Commonwealth LGIP, there were no investments. Accordingly, there is no credit risk, concentration of credit risk, or interest rate risk.

(d) Charlottesville Economic Development Authority (CEDA)

At June 30, 2021, the carrying value of the CEDA component unit deposits and investments, with their respective credit ratings, was as follows:

<u>Deposit and Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$ 2,304,662	N/A
Total deposits and investments	<u>\$ 2,304,662</u>	

The City serves as fiscal agent for the CEDA. However, the CEDA is not subject to the City's investment policy. At June 30, 2021, excluding the demand deposits, there were no investments. Accordingly, based on this minimal risk, the CEDA does not have the need for a formal investment policy that addresses credit risk, concentration of credit risk or interest rate risk.

4. GENERAL PROPERTY TAXES

The two major sources of general property taxes are as follows:

(a) Real Estate

The City levies real estate taxes on all real estate within its boundaries, except that exempted by statute. These levies are assessed each year as of January 1 based on the estimated market value of the property. January 1 is also the date an enforceable, legal claim to the asset applies. The City reassesses all property annually.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Real estate taxes are collected in equal semiannual payments that are due June 5 and December 5. During the fiscal year, the real estate taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2020, assessment which is due December 5, 2020. The first half of the January 1, 2021 assessment normally due June 5, 2021, less an allowance for uncollectable and less taxes not considered available for current expenditures plus collections on previously delinquent taxes. The tax rate for both 2020 and 2021 was \$.95, per \$100 of assessed value. Real estate taxes receivable, assessed as of January 1, 2021, and due December 5, 2021, are reflected in the accompanying fund financial statements as a receivable and are offset by deferred revenue, which is consistent with the City's budget ordinance. In the government-wide financial statements, real estate taxes that are not due as of June 30, 2021, are included in deferred revenue, since they are not due for the current fiscal year.

(b) Personal Property

The City levies personal property taxes on motor vehicles and tangible personal business property. These levies are assessed as of January 1 and prorated for motor vehicles acquired or sold during the year, with payment in equal semiannual installments due June 5 and December 5. During fiscal year 2020, the personal property taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2020 assessment due December 5, 2020, and the first half of the January 1, 2021 assessment normally due June 5, 2021, less an allowance for uncollectable and less taxes not considered to be available for current expenditures plus collections on previously delinquent taxes. The tax rate for both 2020 and 2021 was \$4.20 per \$100 of assessed value. Personal property taxes receivable, assessed during 2021 and due December 5, 2021, are reflected in the accompanying fund financial statements as a receivable and are offset by deferred revenue, which is consistent with the City's budget ordinance. In the government-wide financial statements, personal property taxes that are not due as of June 30, 2021, are included in deferred revenue, since they are not due for the current fiscal year.

In April 1998, the Virginia General Assembly passed S.B. 4005, the Personal Property Tax Relief Act of 1998, PPTRA. In its original form, PPTRA, in essence, was a vehicle-based entitlement. Beginning 2006, changes to PPTRA made by S.B. 5005 marked an end to this vehicle-based entitlement. S.B. 5005 establishes what amounts to a fixed, annual block grant to localities, the proceeds of which must be used to provide relief to the owners of qualifying vehicles. Localities determine how relief is to be distributed, within the guidelines established. Vehicles below \$1,000 assessed value are given 100% relief.

5. LOANS RECEIVABLE

The Community Development Block Grant (CDBG) Special Revenue Fund has \$13,400 in outstanding installment loans and \$723,978 in deferred payment loans, which are secured by property liens. Both installment and deferred payment loans have terms from 5 to 30 years, bear an interest rate of three percent, and are payable upon sale, transfer or disposal of the property. These loans represent monies advanced to low-income qualified property owners under federally-funded housing renovation and rehabilitation projects and are fully offset on the balance sheet by an amount due to the federal government.

The Grants Special Revenue Fund has \$1,110,562 in deferred payment loans, which are secured by property liens. All loans represent federally-funded monies advanced to low-income qualified property owners under the HOME Investment Partnership. The terms are the same as the CDBG deferred payment loans found above and is fully offset on the balance sheet by an amount due to the federal government.

The Capital Projects has the following outstanding loans receivable:

- \$850,000 to Piedmont Housing Alliance (PHA), which is a non-interest bearing loan due October 31, 2022, unless the property is sold before that date.
- \$130,000 in a non-interest bearing loan to the Charlottesville Economic Development Authority (CEDA) which is part of funding utilized by the Lewis & Clark Exploratory Center of Virginia, Inc., combined with grant funds

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

from the Virginia Department of Transportation and funds from Albemarle County to construct the Lewis & Clark Exploratory Center, and improvements at Darden Towe Park, which is jointly owned by the City and the County. The loan is currently due but a request to forgive the loan was approved by the City Council contingent on Albemarle County doing the same. Albemarle County has not taken action on this request.

- \$1,550,000 to The Crossings at Fourth and Preston, LLC for the transfer of property at 401 4th Street, NW Charlottesville, to be operated as a Single Room Occupancy facility. The loan is for a period of 31 years, interest calculates at 4.3% per annum. The entire principle balance and any accrued, unpaid, interest are due June 30, 2042, or upon sale of the property.
- \$3,497,884 in deferred payment loans advanced to low-income property owners with terms similar to those of the CDBG and HOME grants described above, but funded by the City rather than federal funds. The loans are secured by property liens on the participating homeowners. Depending on the terms of each loan, a ratable portion of the loan balance is forgiven each month in which the participant owns the home. If the participant sells the home before the entire loan is forgiven, they are responsible for repayment of the remaining loan balance. Because this rarely happens, and therefore most loans are forgiven, an allowance for the full amount is recorded to offset the receivable.

The Charlottesville Economic Development Authority (CEDA) entered into a 20 year promissory note with the Charlottesville Pavilion in the amount of \$2.4 million for construction cost of the Amphitheater in 2004, with periodic payments of principle and interest, at 3.70%, of \$85,442. The note is secured by a first lien on all the assets of the Charlottesville Pavilion, its fixtures, an accounts receivable. In 2018, a modification of the promissory note was executed to re-advance \$500,000 for the replacement of the roof of the Amphitheater, and extend the maturity date of the note to 2026. The balance of the note receivable was \$970,495 at June 30, 2021. In 2013, CEDA also executed a \$130,000 promissory note with the Lewis & Clark Exploratory Center for the construction of their learning center at Darden Towe Park. A reimbursement payable to the City is currently recorded and will be forgiven as described above.

6. DUE FROM AND TO OTHER GOVERNMENTS

(a) Amounts due from other governments at June 30, 2021, are presented below:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
City Government Activities:				
Major funds:				
General Fund	\$ -	\$ 3,091,665	\$ 93,923	\$ 3,185,588
Capital Projects Fund	-	1,724,347	124,218	1,848,565
Social Services Fund	-	741,103	6,787	747,890
Total major funds	-	5,557,115	224,928	5,782,043
Nonmajor funds	4,261,811	2,792,711	1,376,436	8,430,958
Total Primary Government	<u>\$ 4,261,811</u>	<u>\$ 8,349,826</u>	<u>\$ 1,601,364</u>	<u>\$ 14,213,001</u>
Component Unit - Schools	<u>\$ 83,947</u>	<u>\$ 3,472,029</u>	<u>\$ 253,054</u>	<u>\$ 3,809,030</u>

(b) Amounts due to other governments at June 30, 2021, are presented below:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Nonmajor Funds				
CDBG	\$ 737,378	\$ -	\$ -	\$ 737,378
Consolidated Grants	<u>\$ 1,110,562</u>	<u>\$ 145,458</u>	<u>\$ -</u>	<u>\$ 1,256,020</u>
	<u>\$ 1,847,940</u>	<u>\$ 145,458</u>	<u>\$ -</u>	<u>\$ 1,993,398</u>

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

7. DUE TO/FROM OTHER FUNDS AND INTERFUND TRANSFERS

- (a) Individual fund deficits in consolidated pooled cash are considered short-term receivables of the General Fund. Individual fund interfund receivable and payable balances of the City at June 30, 2021, are presented below:

Major funds:	Due From Other Funds	Due To Other Funds
General Fund	\$ 5,257,107	\$ -
Social Services Fund	-	239,101
Fleet Fund	-	1,050,235
	<u>5,257,107</u>	<u>1,289,336</u>
Nonmajor funds:		
Special Revenue Funds:		
Community Development Block Grant		188,966
Grants Fund		593,024
Children's Services Act fund		1,641,221
Tansit Fund		1,544,560
Total special revenue funds		<u>3,967,771</u>
Total due to/from other funds	<u>\$ 5,257,107</u>	<u>\$ 5,257,107</u>

- (b) Transfers are primarily used to 1) transfer revenues that have been collected in the required fund per state law to the funds and activities that state law allows for expenditures; 2) transfer of "payment in lieu of taxes" contributions from the utility funds to the General Fund; 3) transfer funding from governmental funds to debt service and capital project funds; and 4) transfer matching funds from the General Fund and Special Revenue Funds for various grant programs.

Interfund transfers for the year ended June 30, 2021, consisted of the following:

	Transfers in:					Total
	General	Capital Projects	Debt Service	Social Services	Nonmajor Government	
Transfers out:						
General fund	\$ -	\$ 4,994,660	\$ 10,354,393	\$ 3,473,841	\$ 4,824,576	\$ 23,647,470
Capital Projects fund	-	-	-	-	107,021	107,021
Nonmajor governmental	-	-	-	-	53,540	53,540
Water fund	866,528	-	-	-	-	866,528
Sewer fund	928,278	-	-	-	-	928,278
Gas fund	3,981,395	-	-	-	-	3,981,395
Total	<u>\$ 5,776,201</u>	<u>\$ 4,994,660</u>	<u>\$ 10,354,393</u>	<u>\$ 3,473,841</u>	<u>\$ 4,985,137</u>	<u>\$ 29,584,232</u>

Reconciliation to exhibits:

		Transfers in:	Transfers out:
Governmental Funds	Exhibit D	\$ 29,584,232	\$ 23,808,031
Proprietary Funds	Exhibit E-3	-	5,776,201
Fiduciary Fund	Exhibit L-2	-	-
Total		<u>\$ 29,584,232</u>	<u>\$ 29,584,232</u>

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

8. CAPITAL ASSETS

(a) Primary Government

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities:				
Capital assets not being depreciated				
Land and improvements	\$ 18,802,787	\$ -	\$ -	\$ 18,802,787
Infrastructure right of way	3,254,499	-	-	3,254,499
Assets under construction *	20,519,943	6,092,518	3,818,672	22,793,789
Total capital assets not being depreciated	42,577,229	6,092,518	3,818,672	44,851,075
Other capital assets:				-
Building and improvements *	169,258,333	2,624,313	-	171,882,646
Vehicles	39,125,184	3,812,286	872,633	42,064,837
Furniture and equipment	27,185,784	693,550	166,840	27,712,494
Streets *	107,007,557	-	-	107,007,557
Bridges *	8,361,250	-	-	8,361,250
Infrastructure	56,446,371	-	-	56,446,371
Total other capital assets at historic costs	407,384,479	7,130,149	1,039,473	413,475,155
Less accumulated depreciation:				
Building and improvements *	71,140,256	4,293,634	-	75,433,890
Vehicles	30,643,293	2,694,292	872,430	32,465,155
Furniture and equipment	22,920,073	912,441	151,154	23,681,360
Streets *	52,961,704	2,401,030	-	55,362,734
Bridges *	2,513,876	204,239	-	2,718,115
Infrastructure	30,022,415	1,016,845	-	31,039,260
	210,201,617	11,522,481	1,023,584	220,700,514
Other capital assets, net	197,182,862	(4,392,332)	15,889	192,774,641
Governmental activities capital assets, net	\$ 239,760,091	\$ 1,700,186	\$ 3,834,561	\$ 237,625,716
* As restated				
Business-type Activities:				
Capital assets not being depreciated				
Land and improvements	\$ 1,921,723	\$ -	\$ -	\$ 1,921,723
Easements	142,325	-	-	142,325
Total capital assets not being depreciated	2,064,048	-	-	2,064,048
Other capital assets:				-
Building and improvements	1,858,275	-	-	1,858,275
Vehicles	3,933,784	798,959	100,938	4,631,805
Equipment	2,965,019	226,376	65,500	3,125,895
Infrastructure	147,813,729	6,117,889	-	153,931,618
Total other capital assets at historic costs	156,570,807	7,143,224	166,438	163,547,593
Less accumulated depreciation:				
Building and improvements	1,454,151	26,510	-	1,480,661
Vehicles	2,077,699	481,408	100,938	2,458,169
Equipment	2,703,296	102,756	65,500	2,740,552
Infrastructure	56,002,289	3,617,942	-	59,620,231
	62,237,435	4,228,616	166,438	66,299,613
Other capital assets, net	94,333,372	2,914,608	-	97,247,980
Governmental activities capital assets, net	\$ 96,397,420	\$ 2,914,608	\$ -	\$ 99,312,028

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

(b) School Board Component Unit

	Balance July 1, 2020	Increases	Decreases	Balance July 1, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 982,889	\$ -	\$ -	\$ 982,889
Other capital assets:				
Building and improvements	59,473,244	-	-	59,473,244
Vehicles	231,515	90,269	109,453	212,331
Furniture and equipment	4,911,847	257,213	3,443,992	1,725,068
Total other capital assets at historical cost	64,616,606	347,482	3,553,445	61,410,643
Less accumulated depreciation:				
Building and improvements	38,864,457	1,364,588	-	40,229,045
Vehicles	204,770	80,769	109,453	176,086
Furniture and equipment	4,241,936	151,183	3,419,454	973,665
Total accumulated depreciation	43,311,163	1,596,540	3,528,907	41,378,796
Other capital assets, net	21,305,443	(1,249,058)	24,538	20,031,847
Governmental activities capital assets, net	\$ 22,288,332	\$ (1,249,058)	\$ 24,538	\$ 21,014,736

(c) Allocation of Depreciation Expense

Depreciation expense was charged to functions/programs of the Primary Government as follows:

Governmental activities:	
General government	1,542,361
Public safety	1,526,166
Community services	3,089,347
Health and welfare	96,117
Parks, recreation and culture	1,269,397
Education	1,066,887
Conservation and development	2,266,084
Total increase in accumulated depreciation - governmental	<u>\$ 10,856,359</u>
Business-Type activities:	
Water	1,373,017
Sewer	1,177,316
Gas	1,322,507
Stormwater	307,574
Golf course	28,104
Total increase in accumulated depreciation - business type	<u>\$ 4,208,518</u>

Depreciation expense was charged to functions/programs of the Schools component unit as follows:

Instruction and instruction-related	\$ 941,959
Support services - student based	558,789
Administrative support services	95,792
Total increase to depreciation	1,596,540
Capital asset contribution	-
Total accumulated depreciation	<u>\$ 1,596,540</u>

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

(d) Tenancy in Common – School Board Capital Assets

In fiscal year 2002, the Commonwealth of Virginia General Assembly passed a law to respond to GASB Statement 34 which established a local option of creating, for financial reporting purposes, a tenancy in common with the local school board when a city or county issues bonds. The sole purpose of the law was to allow cities and counties the ability to record together school assets and related debt liabilities. As a result, certain assets purchased with the City's general obligation bonds and literary loans are recorded as part of the Primary Government. According to the law, the tenancy in common ends when the associated obligation is repaid; therefore, the assets will revert to the School Board when the debt is repaid. Nothing in the law alters the authority or responsibility of the local school board or control of the assets.

9. LONG-TERM LIABILITIES

(a) City

At June 30, 2021, the City's long-term liabilities consisted of the following:

Governmental Activities	Interest Rate	Original Amount of Debt	Principle Amount Outstanding
General obligation Bonds:			
General improvement, series 2011	2.00-5.00	\$ 9,425,000	\$ 3,800,000
General improvement refunding , Series 2012	1.25-4.00	26,870,300	10,043,300
General improvement, Series 2013	3.00-4.00	5,610,000	3,360,000
General Improvement refunding , Sries 2014	2.125-5.00	7,130,695	3,760,000
General improvement refunding, Series 2015	2.00-5.00	23,068,366	16,832,749
General improvement refunding, Series 2016	2.00-5.00	11,125,466	9,191,158
General improvement, Series 2017	5.00	11,140,000	8,900,000
General improvement, Series 2018	3.375-5.00	4,610,000	3,910,000
General improvement, Series 2019	5.00	9,520,000	8,565,000
General improvement, Serices 2020	1.00-2.20	13,455,000	13,455,000
General improvement, Series 2021	2.00-5.00	12,045,700	12,045,700
Total			<u>\$ 93,862,907</u>
Insurance claims payable			3,055,390
Compensated absences			3,018,426
Net pension liability			78,995,881
Net OPEB lliability			23,369,599
Total *			<u><u>\$ 202,302,203</u></u>

*Amounts exclude unamortized premium amounts on bonds

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Business Type Activities	Interest Rate	Original Amount of Debt	Principle Amount Outstanding
General obligation bonds:			
General obligation bonds, Series 2010 (VRA)	2.93	\$ 5,030,409	\$ 4,606,604
General improvement, series 2011	2.00-5.00	8,560,000	2,492,763
General improvement refunding , Series 2012	1.25-4.00	7,224,700	2,296,700
General improvement, Series 2013	3.00-4.00	8,420,000	5,040,000
General Improvement refunding , Sries 2014	2.125-5.00	8,864,305	5,705,593
General improvement refunding, Series 2015	2.00-5.00	4,424,331	4,408,350
General improvement refunding, Series 2016	2.00-5.00	1,754,534	1,653,842
General improvement, Series 2017	5.00	2,680,000	2,120,000
General improvement, Series 2018	3.375-5.00	6,125,000	5,195,000
General improvement, Series 2019	5.00	6,310,000	5,615,000
General improvement, Serices 2020	1.00-2.20	10,545,000	10,545,000
General improvement, Series 2012	2.00-5.00	8,759,300	8,759,300
			<u>\$ 58,438,152</u>
Compensated absences			357,428
Net pension liability			9,335,850
Net OPEB lliability			<u>3,040,617</u>
Total *			<u><u>\$ 71,172,047</u></u>

*Amounts exclude unamortized premium amounts on bonds.

The Water, Sewer and Stormwater Funds are responsible for \$25,457,414; \$24,975,739; and \$8,005,000 respectively, of the Business-Type Activities bonds payable.

(b) School Board Component Unit

At June 30, 2021, the School Board's long-term liabilities consisted of:

Compensated absences	\$ 2,944,245
Net pension liability	69,811,858
Net OPEB liability	13,590,817
Total	<u>\$ 86,346,920</u>

(c) Changes in Long-Term Liabilities

The following is a summary of the long-term liabilities transactions for the City and component units for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Refunding	Reductions	Balance June 30, 2021	Due Within One Year
Governmental Activities:						
Bonds payable:						
General obligation bonds	\$ 80,104,675	\$ 25,500,700	\$ 4,462,200	\$ 7,280,268	\$ 93,862,907	\$ 8,257,217
Unamortized premium	4,430,241	3,649,114	-	90,407	7,988,948	-
Total bonds payable	84,534,916	29,149,814	4,462,200	7,370,675	101,851,855	8,257,217
Insurance claims payable	2,683,212	397,178	-	25,000	3,055,390	3,055,390
Compensated absences	3,005,982	3,018,426	-	3,005,982	3,018,426	362,211
Net pension liability	72,571,504	6,424,377	-	-	78,995,881	-
Net OPEB liability	29,411,718	-	-	6,042,119	23,369,599	-
Total governmental activities	<u>\$ 192,207,332</u>	<u>\$ 38,989,795</u>	<u>\$ 4,462,200</u>	<u>\$ 16,443,776</u>	<u>\$ 210,291,151</u>	<u>\$ 11,674,818</u>

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Compensated absences are paid by General Fund, Social Services Fund and non-major governmental funds responsible for salary costs. Deferred amounts on refunding are reported as deferred outflow of resources or deferred inflow of resources in the governmental activities column on Exhibit A.

Net pension liability and net OPEB liability measurement dates are both June 30, 2020.

	Balance July 1, 2020	Additions	Refunding	Reductions	Balance June 30, 2021	Due Within One Year
Business-Type Activities:						
Bonds payable:						
General obligation bonds	\$ 45,241,232	\$ 19,304,300	\$ 2,197,800	\$ 3,909,580	\$ 58,438,152	\$ 4,433,980
Unamortized premium	1,596,671	4,319,346	-	676,519	5,239,498	-
Total bonds payable	46,837,903	23,623,646	2,197,800	4,586,099	63,677,650	4,433,980
Compensated absences	365,456	357,428	-	365,456	357,428	42,891
Net pension liability	8,643,315	692,535	-	-	9,335,850	-
Net OPEB liability	3,691,942	-	-	651,325	3,040,617	-
Total business-type activities	\$ 59,538,616	\$ 24,673,609	\$ 2,197,800	\$ 5,602,880	\$ 76,411,545	\$ 4,476,871

Compensated absences are paid by business-type activities that are responsible for salary costs.

Deferred amounts on refunding are reported as deferred outflow of resources or deferred inflow of resources in the governmental activities column on Exhibit A and E-1.

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due within one year
School Board:					
Capital lease payable	\$ 409,819	\$ -	\$ 409,819	\$ -	\$ -
Compensated absences	3,286,159	3,437,169	3,779,083	2,944,245	353,309
Net OPEB Liability	13,048,000	560,915	18,098	13,590,817	-
Net pension liability	63,312,862	6,498,996	-	69,811,858	-
Total	\$ 80,056,840	\$ 10,497,080	\$ 4,207,000	\$ 86,346,920	\$ 353,309

Net pension and OEPB liability measurement date is June 30, 2020.

(d) Debt Compliance and Repayment

The governmental activities general obligation and public improvement bonds are secured by the full faith and credit of the City and are payable from taxes levied on all property located within the City.

The gas, water, sewer and stormwater funds general obligation and public improvement refunding bonds are payable from revenues generated by the facilities constructed from the bond proceeds, although they are also backed by the full faith and credit of the City should the facilities not provide sufficient revenues to meet bond obligations. The City has complied with all significant financial bond covenants.

The City has no overlapping debt with other jurisdictions. At June 30, 2021, the City had a debt limit of \$841,077,300 which is 10% of assessed value of real property and a legal debt margin of \$689,841,634.

The annual requirements to amortize to maturity all long-term obligations outstanding of the City, except for compensated absences payable for which the payment dates cannot be estimated are presented on note 9 (g).

(e) General Obligation Public Improvement Bonds

The City issued General Obligation Public Improvement Bonds in September 2020, as well as June 2021.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

(f) Prior Year Defeasance of Debt

In prior years, the City defeased general obligation public improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2021, \$5,343,461 of defeased bonds remains outstanding.

(g) Debt Service Requirements to Maturity

General Obligations Bonds

Fiscal Year Ending June 30,	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 8,260,524	\$ 3,275,009	\$ 4,433,980	\$ 1,972,895
2023	8,404,632	2,938,834	4,285,219	1,903,459
2024	8,147,560	2,620,339	4,432,748	1,728,276
2025 - 2029	33,719,801	8,550,617	20,674,308	6,047,626
2030 - 2034	21,220,390	3,429,638	14,856,897	2,483,107
2035 - 2039	12,050,000	962,091	8,035,000	761,975
2040 - 2044	2,060,000	49,944	1,720,000	51,600
Total bonds	<u>\$ 93,862,907</u>	<u>\$ 21,826,472</u>	<u>\$ 58,438,152</u>	<u>\$ 14,948,938</u>

(h) Other Long-Term Obligations

On June 4, 2021 the City entered into a five year operating lease with E-Z Go Division of Textron Inc. for the leasing of 60 electric golf carts and 2 utility golf carts. The terms of the lease call for \$279,568 in total rental payments over the leasing period, including \$15,576 total interest paid. Terms call for 60 monthly payments of \$4,660. Future year payments are shown below:

Fiscal Year	Golf Fund
2022	\$ 55,932
2023	55,914
2024	55,914
2025	55,914
	<u>\$ 223,674</u>

During fiscal year 2021, the School Board did not enter into any leases. A total of \$409,819 was payment for the FY19 capital lease.

10. CITY OF CHARLOTTESVILLE - DEFINED BENEFIT PLAN – FIDUCIARY INFORMATION

Because the City does not issue a separate financial report of the Defined Benefit Pension Plan, the City must report certain information for the plan as of, and for the year ended, June 30, 2020 which is the most recent measurement date for this plan. This information is disclosed below and in Exhibits F-1 and F-2. Investment information is disclosed in Note 3b to the financial statements.

The City's Defined Benefit Plan is a cost sharing plan which includes employees of the City of Charlottesville, the Jefferson-Madison Regional Library (JRML) and the Charlottesville-Albemarle Convention and Visitors Bureau (CACVB). The amounts below are for the plan as a whole.

Plan description. The City administers the Pension Plan, a single-employer defined benefit plan for general and public safety employees. The Pension Plan provides retirement and disability benefits to eligible plan members and their beneficiaries. The plan is governed by City Council, as provided in Article II, IV and V of Chapter 19 of

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

the City Code, 1990, as amended, of the City of Charlottesville and is an irrevocable trust fund. City Council may amend benefits and other plan provisions, and is responsible for the management of plan assets. The Plan does not provide automatic annual increases (COLA) in benefits. The Pension Plan is considered a part of the City's Reporting Entity and is included in the City's financial statements as the Pension Trust Fund (Exhibits F-1 and F-2). There is no separately issued City Supplementary Retirement or Pension Plan report.

The Pension Plan covers all regular employees that work at least half time for at least 36 weeks per year. Employer contribution is determined annually based on actuarial valuation data. Plan members are entitled to an annual retirement benefit, payable monthly for life. Public safety employees include sworn police and sheriff officers and fire fighters. Employees hired *before* July 1, 2012, employees hired on *or after* July 1, 2012, and employees hired on *or after* July 1, 2017 have different pension provisions and employee contribution rates as follows:

General Employee Pension Plan – Normal Retirement Benefit			
	Before July 1, 2012	On or after July 1, 2012	On or after July 1, 2017
Normal Retirement Age	Age 65 with 5 years of service	Age 65 with 5 years of service	Age 65 with 5 years of service
Early Retirement Age (1/2% reduction for each month before 30 years as of retirement date)	Age 55 with 5 years of service Age 50 with 30 years of service	Age 60 with 5 years of service Age 60 with 30 years of service	Age 60 with 5 years of service Age 60 with 30 years of service
Vesting	5 years of service	5 years of service	5 years of service
Employee Contribution for Pension and OPEB Plans	1% of base salary	3% of base salary	5% of base salary
Pension Benefit Formula	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service
Years to Calculate AFC	3 years	5 years	5 years

Public Safety Pension Plan – Normal Retirement Benefit			
	Before July 1, 2012	On or after July 1, 2012	On or after July 1, 2017
Normal Retirement Age	Age 60	Age 60	Age 60
Early Retirement Age (1/2% reduction for each month the actual retirement date is less than 30 years)	Age 55 with 5 years of service Age 50 with 25 years of service	Age 55 with 5 years of service Age 50 with 25 years of service	Age 55 with 5 years of service Age 50 with 25 years of service
Vesting	5 years of service	5 years of service	5 years of service
Employee Contribution for Pension and OPEB Plans	1% of base salary	3% of base salary	5% of base salary
Pension Benefit Formula	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service
Years to Calculate AFC	3 years	5 years	5 years
Social Security Supplement	1% of Average Final Compensation (AFC) x years of creditable service paid until Social Security retirement age with 20 years of service. Payable until full retirement age, as in effect on July 1, 2005.	1% of Average Final Compensation (AFC) x years of creditable service with 20 years of hazardous duty service. Supplement amount is limited to estimated unreduced primary social security benefit. Payable until full retirement age, as in effect on July 1, 2005.	1% of Average Final Compensation (AFC) x years of creditable service with 20 years of hazardous duty service. Supplement amount is limited to estimated unreduced primary social security benefit. Payable until full retirement age, as in effect on July 1, 2005.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Membership in the City's Pension Plan consists of the following at June 30, 2021, according to the most recent actuarial valuation:

	<u>City Members</u>	<u>JMRL Members</u>	<u>CACVB Members</u>
Retirees and beneficiaries currently receiving benefits	717	51	5
Vested terminated employees	410	11	4
Current employees:			
Vested	509	17	-
Nonvested	190	-	-
Total	<u>1,826</u>	<u>79</u>	<u>9</u>

Contributions. The contribution requirements of plan members and the City are established and may be amended by City Council. Plan members hired before July 1, 2012 are required to contribute 1% of base pay, (annual covered salary) members hired on or after July 1, 2012 must contribute 3% of base pay, and members hired on or after July 1, 2017 must contribute 5% of base pay for the Pension. The City's contribution rates are actuarially determined and consist of current costs plus amortization of prior service costs. The contribution rates for 2021 are based on the July 1, 2019, actuarial report. The general employee contribution rate for 2021 was 19.46% and the public safety contribution rate was 34.95%.

Actuarial methods and assumptions. The actuarial determined contribution (ADC) for the plan was determined as part of the July 1, 2021 actuarial valuation using the following methods and assumptions:

<u>Method</u>	<u>Assumption</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period remaining	20 years
Asset valuation method	4-year smoothed market
Investment return, including inflation	7.5%
Projected salary increases	Range 2.0% - 4.0%
Assumed inflation rate	2.0% per annum, compounded annually
Cost of living adjustment, ad hoc	1% per year

Mortality rates. Healthy Lives –RP-2000 table, fully generational, projected with scale AA; Disabled Lives – RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

Basis of accounting and valuation of investments. The Pension Trust financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with provisions of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the Pension Trust Statement of Net Position date. Securities without an established market value are reported at estimated fair value. The schedule of Defined Benefit Pension Plan investments and annual rate of return are further described in Note 3b.

Net Pension Liability. Under GASB 67, the Net Pension Liability is the excess, if any, of the Total Pension Liability over the Fiduciary Net Position. The Total Pension Liability is determined is as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Total Pension Liability	\$ 215,294,510	\$ 211,072,055
Fiduciary Net Position	151,825,839	119,920,421
Net Pension Liability	<u>\$ 63,468,671</u>	<u>\$ 91,151,634</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	70.5%	56.8%

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The table below presents the net pension liability for the City calculated using the discount rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net Pension Liability	\$87,533,101	\$63,468,671	\$43,290,985

Long-term expected rate of return. The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) based on the market value of assets for the fiscal year ended June 30, 2021 was 28.7%. The investment return on the smoothed value of assets (actuarial value of assets) was 7.50%. The expected rate of return was 7.50%. The actuarial value of net assets, which is used to determine the City's contribution rate for the following fiscal year, is determined using a method that is designed to smooth the impact of market fluctuations. Unlike the market value, which immediately reflects all investment gains and losses during the year, the smoothed fair value recognizes annual appreciation and depreciation over a four year period.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity:		
Large Cap	30.0%	7.6%
Mid Cap	12.5%	9.7%
Small Cap	7.5%	8.9%
International equity	10.0%	5.6%
Emerging equity	5.0%	10.1%
Real estate	10.0%	6.1%
Farmland	5.0%	10.2%
Fixed income	20.0%	2.4%
Total	100%	6.8%

Pension Trust Fund Combining Statement of Net Position and Statement of Changes in Net Position:

	Retirement Fund	Post-Retirement Benefits Fund	Total Pension Fund
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Interest receivable	216,620	85,869	302,489
Investments			-
Common stocks	51,017,212	20,223,577	71,240,789
Corporate fixed income securities	10,395,577	4,120,878	14,516,455
Government and agency fixed income securities	15,933,423	6,316,118	22,249,541
Mutual Funds			
Domestic	34,538,921	13,691,468	48,230,389
International	20,467,426	8,113,430	28,580,856
Alternative investments			
Agriculture	6,394,512	2,534,830	8,929,342
Real estate	13,021,632	5,161,864	18,183,496
Total investments	151,768,703	60,162,165	211,930,868
Total assets	151,985,323	60,248,034	212,233,357
Liabilities			
Accounts payables	159,485	63,219	222,704
Net Position			
Restricted for pension benefits	151,825,838		151,825,838
Restricted for other post-employment benefits		60,184,815	60,184,815
Total net position	\$ 151,825,838	\$ 60,184,815	\$ 212,010,653

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	Retirement Fund	Post-Retirement Benefits Fund	Pension Trust
Additions			
Contributions:			
Employer	\$ 11,022,357	\$ 4,333,410	\$ 15,355,767
Plan members	\$ 1,087,218	\$ 1,232,984	\$ 2,320,202
Total contributions	\$ 12,109,575	\$ 5,566,394	\$ 17,675,969
Investment earnings:			\$ -
Net increase in fair value	\$ 32,833,023	\$ 12,929,459	\$ 45,762,482
Interest	\$ 852,729	\$ 335,800	\$ 1,188,529
Dividends	\$ 996,884	\$ 392,567	\$ 1,389,451
Total investment earnings	\$ 34,682,636	\$ 13,657,826	\$ 48,340,462
Less investment expenses	\$ 580,008	\$ 228,404	\$ 808,412
Net investment earnings	\$ 34,102,628	\$ 13,429,422	\$ 47,532,050
Total additions	\$ 46,212,203	\$ 18,995,816	\$ 65,208,019
Deductions			
Pension benefits	\$ 13,892,422	\$ -	\$ 13,892,422
Refund of plan members contributions	\$ 175,016	\$ -	\$ 175,016
Other post-retirement benefits	\$ -	\$ 5,528,074	\$ 5,528,074
Administrative expenses	\$ 238,937	\$ 102,093	\$ 341,030
Total deductions	\$ 14,306,375	\$ 5,630,167	\$ 19,936,542
Change in net position	\$ 31,905,828	\$ 13,365,649	\$ 45,271,477
Net position as of July 1, 2020	\$ 119,920,010	\$ 46,819,166	\$ 166,739,176
Net position as of June 30, 2021	\$ 151,825,838	\$ 60,184,815	\$ 212,010,653

11. CITY OF CHARLOTTESVILLE - NET PENSION LIABILITY

As described in Note 10, the City offers a Defined Pension plan to certain employees. As permitted by GASB 68, the pension-related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2020 are based on a pension plan measurement date of June 30, 2019.

Membership in the City's Pension Plan consists of the following at June 30, 2020, the date of the most recent actuarial valuation:

	Members	JMRL Members	CACVB Members
Retirees and beneficiaries currently receiving benefits	650	48	5
Vested terminated employees	399	11	4
Current employees:			
Vested	468	18	0
Nonvested	222	0	0
Total	1,739	77	9

Contributions. The contribution requirements of plan members and the City are described in Note 10. The contribution rates for 2020 are based on the July 1, 2018, actuarial report. The general employee contribution rate for 2020 was 19.91% and the public safety contribution rate was 36.10%.

Actuarial methods and assumptions. The actuarial determined contribution (ADC) for the plan was determined as part of the July 1, 2018 actuarial valuation using the following methods and assumptions:

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

<u>Method</u>	<u>Assumption</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period remaining	20 years
Asset valuation method	4-year smoothed market
Investment return, including inflation	7.5%
Projected salary increases	Range 2.0% - 4.0%
Assumed inflation rate	2.0% per annum, compounded annually
Cost of living adjustment, ad hoc	1% per year

Mortality rates. Healthy Lives –RP-2000 table, fully generational, projected with scale AA; Disabled Lives – RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

Net pension liability. The City's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The following chart is for the plan as a whole. The City's portion of the plan is 96.90%.

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a-b)</u>
Balance at June 30, 2019	\$ 201,427,626	\$117,476,409	\$ 83,951,217
Changes for the year:			
Service cost	2,884,731	-	2,884,731
Interest	14,613,181	-	14,613,181
Differences between expected and actual experience	(638,262)	-	(638,262)
Changes of assumptions	6,197,699	-	6,197,699
Contributions - employer	-	11,391,629	(11,391,629)
Contributions - employee	-	1,098,813	(1,098,813)
Net investment income	-	3,605,139	(3,605,139)
Benefit payments, including refunds of employee contributions	(13,412,920)	(13,412,920)	-
Other	-	(309)	309
Administrative expense	-	(238,340)	238,340
Net Changes	9,644,429	2,444,012	7,200,417
Balance at June 30, 2020	<u>\$ 211,072,055</u>	<u>\$119,920,421</u>	<u>\$ 91,151,634</u>

Changes in Net Pension Liability per participating entity:

	<u>City Net Pension Liability</u>	<u>JMRL Net Pension Liability</u>	<u>CACVB Net Pension Liability</u>	<u>All Entities - Net Pension Liability</u>
Balance at June 30, 2019	\$ 81,214,819	\$ 2,638,483	\$ 97,915	\$ 83,951,217
Employer contributions	(11,039,213)	(322,888)	(29,528)	(11,391,629)
Expense	11,193,901	69,901	146,764	11,410,566
Change in deferred outflows of resources	5,660,951	145,603	24,205	5,830,759
Change in deferred inflows of resources	1,301,273	52,532	(3,084)	1,350,721
Balance at June 30, 2020	<u>\$ 88,331,731</u>	<u>\$ 2,583,631</u>	<u>\$ 236,272</u>	<u>\$ 91,151,634</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The table below presents the net pension liability for the City calculated using the discount rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	<u>1.00% Lower 6.5%</u>	<u>Current Discount Rate: 7.5%</u>	<u>1.00% Higher 8.5%</u>
Net Pension Liability	\$102,728,103	\$88,331,731	\$68,924,063

Information on the annual money-weighted rate of return for 2021 is found in Note 3b and Exhibit I-1.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

City Changes in deferred inflows and outflows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Prior years difference between expected and actual	\$ 9,502,507	\$ -
Prior years changes in proportion and differences between contributions	(1,437,553)	348,457
Prior years impact of change in proportion on beginning NPL	2,546,242	890,317
Prior years difference between expected and actual investment earnings	9,420,772	14,385,087
Prior years changes in assumptions	13,451,486	-
Prior years amortization	(27,315,419)	(11,155,660)
Current year amortization	(3,150,867)	(1,800,661)
Differences between expected and actual experience	-	493,966
Impact of change in proportion on beginning NPL	139,250	-
Difference between expected and actual investment earnings	3,995,024	-
Changes in assumptions	4,796,547	-
Changes in proportion and difference between employer contribution and proportionate share of contribution	(119,003)	5,422
Employer contributions subsequent to the measurement date	10,669,773	-
	<u>\$ 22,498,759</u>	<u>\$ 3,166,928</u>

Deferred outflows of resources amounting to \$10,669,773 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2022	\$ (2,165,514)
2023	(2,165,514)
2024	(2,165,514)
2025	(2,165,516)
Thereafter	-
Total	<u>\$ (8,662,058)</u>

12. CITY OF CHARLOTTESVILLE - DEFINED CONTRIBUTION PENSION PLAN

Effective July 1, 2001, the City established a defined contribution plan (the "DC Plan") for its employees. The DC Plan is administered by ICMA-RC. All eligible employees were given a one-time option to switch from the City of Charlottesville Supplementary Retirement or Pension Plan to the DC Plan. If an employee elected to switch, their benefit was frozen under the Pension Plan. A total of 159 employees elected to participate at the DC Plan's inception. Plan provisions and contribution rates for City and employees are established and may be amended by City Council.

All new hires are given a one-time option to choose either the Pension Plan or the DC Plan when they are hired. Under the DC Plan, the city contribution rate is 8% of the employee's base salary to their individual ICMA-RC account. There is no employee contribution required. Employees determine how their account balance is invested from a range of available options. DC Plan contributions vest ratably over a three year period. If the employee leaves the city before they are fully vested, part of the account balance may be forfeited. Forfeitures by policy are used to pay plan related expenses. There are no forfeitures reflected in pension expenses during the reporting period and no employer liability is outstanding to ICMA-RC at June 30, 2021.

At June 30, 2021, there were 321 active City employees and a total of 474 participants, including terminated employees enrolled in the DC Plan. During the year, the City contributed a total of \$1,085,869 for active employees.

There is also a separate defined contribution plan for senior management to which the City contributes. For the year ended June 30, 2020, a total of \$664,768 was contributed for 17 active senior management employees. The City contribution rate is 21.96% of eligible compensation.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

13. CITY OF CHARLOTTESVILLE - OTHER POST EMPLOYMENT BENEFIT (OPEB) FIDUCIARY INFO

Plan description. The City administers the OPEB plan, a single-employer plan that provides medical, dental and life insurance coverage for eligible Defined Benefit Pension Plan members that elect to participate, whether they worked for the City, the Jefferson Madison Regional Library (JMRL), or the Charlottesville Albemarle Convention and Visitors Bureau (CACVB). Vested employees who separate service with the City before pension benefits are received are not eligible for OPEB benefits. The plan is open to new entrants. City Council may amend benefits for current and future retirees and is responsible for the management of the assets. The OPEB Trust is considered a part of the City's Reporting Entity and is included in the City's financial statements as the Pension Trust Fund (Exhibits F-1 and F-2). There is no separately issued City other postemployment benefits report.

OPEB Plan Benefits		
	Before July 1, 2012	On or after July 1, 2012
Medical and Dental coverage	Must have 5 years of creditable service. Under Age 65: Can continue to participate in Health Care Program Over Age 65: Participates in program that provide Medicare Supplementary Insurance and certain wellness benefits	Must have 10 years of creditable service. Under Age 65: Can continue to participate in Health Care Program. Health and dental coverage end at Medicare eligibility age.
Life Insurance	Must have 5 years of creditable service. Two times annual salary reduced 2% per month until benefit reaches the final annual salary.	Must have 10 years of creditable service. Two times annual salary reduced 25% per year unit benefit reaches 50% of final annual salary

Membership in the City's OPEB Plan consists of the following at June 30, 2021, the date of the most recent actuarial valuation:

	City	JMRL	CACVB
Inactive plan members or beneficiaries currently receiving benefit payments	479	48	5
Inactive plan members entitled to but not yet receiving benefit payments	-	-	-
Active plan members	1,001	101	-
Total	1,480	149	5

Funding policy. The contribution requirements for current and future Pension Plan members are established and may be amended by City Council. The city contribution is determined annually by City Council. Pension Plan members hired before December 3, 2002, received 100% of the city contribution towards the cost of medical and dental insurance. For Pension Plan Members hired on or after December 3, 2002, the city contribution toward the cost of medical and dental insurance is pro-rated based on vesting requirements and years of creditable service. Pension Plan members must pay for family members at their own expense. Surviving spouses of Pension Plan members may elect to continue health care benefits at their own expense. Life insurance is provided at no direct cost to the plan members. Defined Contribution Plan senior management is eligible for the same OPEB benefits as Pension Plan members. Defined Contribution Plan members may be eligible for access to continue medical and dental benefits. The City does not pay any of the costs. The DC Plan member is not eligible for life insurance benefits. The contribution rates for 2021 are based on the July 1, 2019, actuarial report. The general employee contribution rate is 6.42% and the public safety contribution rate is 10.81%.

Actuarial assumptions. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The mortality rates used were: Healthy Lives-RP-2000 table, fully generational, projected with scale AA; Disabled Lives-RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

The annual required contribution (ARC) was determined as part of the July 1, 2020 actuarial valuation using the following methods and assumptions:

Method	Assumption
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period	20 years, closed
Asset valuation method	4 year smoothed market
Investment return including inflation	7.5%
Projected salary increases	Range 2.0% - 5.0%
Assumed inflation rate	2.0%
Cost of living adjustment	None
Healthcare cost trend rate	Medical trend 5.0-8.0% Dental trend 4.0%

Basis of accounting and valuation of investments. The Pension Trust financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with provisions of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the Pension Trust Statement of Net Position date. Securities without an established market value are reported at estimated fair value. The schedule of Defined Benefit OPEB Plan investments and annual rate of return are further described in Note 3b.

Net OPEB Liability. Under GASB 74, the Net OPEB Liability is the excess, if any, of the Total OPEB Liability over the Fiduciary Net Position. The Total OPEB Liability is determined under the Entry Age actuarial cost method. The Net OPEB Liability as of June 30, 2021 and June 30, 2020 is as follows:

	June 30, 2021	June 30, 2020
Total OPEB Liability	\$ 73,274,159	\$ 74,541,217
Fiduciary Net Position	60,184,815	46,819,166
Net OPEB Liability	<u>\$ 13,089,344</u>	<u>\$ 27,722,051</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	82.1%	62.8%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The liability has been calculated using a 7.5% discount rate. In calculating the Annual Required Contribution, the unfunded liability has been amortized over a period of 25 years (closed) beginning in FY 2016 based on the level percent of payroll method. The table below presents the net OPEB liability for the City calculated using the discount rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	\$22,329,758	\$13,089,344	\$5,441,444

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates The table below presents the net OPEB liability for the City calculated using the healthcare cost trend rate of 8.0%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 7.0%	Current Trend Rate: 8.0%	1.00% Higher 9.0%
Net OPEB Liability	\$6,316,448	\$13,089,344	\$21,221,194

Long-term expected rate of return. The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) based on the market value of assets for the fiscal year ended June 30, 2021 was 3.08%. The investment return on the smoothed value of assets (actuarial value of assets) was 8.64%. The expected rate of return was 7.50%. The actuarial value of net assets, which is used to determine the City's

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

contribution rate for the following fiscal year, is determined using a method that is designed to smooth the impact of market fluctuations. Unlike the market value, which immediately reflects all investment gains and losses during the year, the smoothed fair value recognizes annual appreciation and depreciation over a four year period.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity:		
Large Cap	30.0%	7.6%
Mid Cap	12.5%	9.7%
Small Cap	7.5%	8.9%
International equity	10.0%	5.6%
Emerging equity	5.0%	10.1%
Real estate	10.0%	6.1%
Farmland	5.0%	10.2%
Fixed income	20.0%	2.4%
Total	100%	6.8%

14. CITY OF CHARLOTTESVILLE - NET OPEB LIABILITY

As described in Note 13, the City administers the OPEB plan. As permitted by GASB 75, the OPEB related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2021 are based on an OPEB plan measurement date of June 30, 2020.

Membership in the City's OPEB Plan consists of the following at June 30, 2020, the date of the most recent actuarial valuation:

	<u>City</u>	<u>JMRL</u>	<u>CACVB</u>
Inactive plan members or beneficiaries currently receiving benefit payments	428	48	5
Inactive plan members entitled to but not yet receiving benefit payments	-	-	-
Active plan members	908	99	-
Total	1,336	147	5

Contributions. The contribution requirements of plan members and the City are described in Note 13. The contribution rates for 2020 are based on the July 1, 2018, actuarial report. The general employee contribution rate for 2020 was 11.46% and the public safety contribution rate was 12.68%.

Actuarial assumptions. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The mortality rates used were: Healthy Lives–RP-2000 table, fully generational, projected with scale AA; Disabled Lives–RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

The annual required contribution (ARC) was determined as part of the July 1, 2019 actuarial valuation using the following methods and assumptions:

<u>Method</u>	<u>Assumption</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period	24 years, closed
Asset valuation method	Market value of assets
Investment return including inflation	7.5%
Projected salary increases	Varies by age and employer group
Assumed inflation rate	2.0%
Cost of living adjustment	None
Healthcare cost trend rate	Medical trend 5.0-8.0%, Dental trend 5.0%

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Mortality rates. Healthy Lives –RP-2000 table, fully generational, projected with scale AA; Disabled Lives – RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

Net OPEB liability. The City's net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of July 1, 2020. The following chart is for the plan as a whole. The City's portion of the plan is 95.26%.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balance at June 30, 2019	\$ 79,509,679	\$ 44,930,382	\$ 34,579,297
Changes for the year:			
Service cost	1,141,394	-	1,141,394
Interest	5,845,433	-	5,845,433
Differences between expected and actual experience	(4,284,584)	-	(4,284,584)
Changes in assumptions	(2,246,767)	-	(2,246,767)
Contributions - employer	-	4,627,542	(4,627,542)
Contributions - employee	-	1,329,335	(1,329,335)
Net investment income	-	1,394,380	(1,394,380)
Benefit payments, including refunds of employee contributions	(5,423,938)	(5,423,938)	-
Other	-	61,649	(61,649)
Administrative expense	-	(100,184)	100,184
Net Changes	(4,968,462)	1,888,784	(6,857,246)
Balance at June 30, 2020	\$ 74,541,217	\$ 46,819,166	\$ 27,722,051

Changes in Net OPEB Liability per participating entity:

	City Net OPEB Liability	JMRL Net OPEB Liability	CACVB Net OPEB Liability	All Entities - Net OPEB Liability
Balance at June 30, 2019	\$ 33,103,660	\$ 1,428,644	\$ 46,993	\$ 34,579,297
Employer contributions	(4,408,561)	(201,984)	(16,996)	(4,627,541)
Change in expense	(315,969)	(412,357)	85,282	(643,044)
Change in deferred outflows of resources	1,505,718	64,982	2,138	1,572,838
Change in deferred inflows of resources	(3,474,632)	330,727	(15,594)	(3,159,499)
Balance at June 30, 2020	\$ 26,410,216	\$ 1,210,012	\$ 101,823	\$ 27,722,051

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The liability has been calculated using a 7.5% discount rate. In calculating the Annual Required Contribution, the unfunded liability has been amortized over a period of 25 years (closed) beginning in FY 2016 based on the level percent of payroll method. The table below presents the net OPEB liability for the City calculated using the discount rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	\$35,525,392	\$26,410,216	\$18,895,575

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates The table below presents the net OPEB liability for the City calculated using the healthcare cost trend rate of 8.0%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 7.0%	Current Trend Rate: 8.0%	1.00% Higher 9.0%
Net OPEB Liability	\$19,663,535	\$26,410,216	\$34,545,986

City Changes in deferred inflows and outflows:

<i>City Changes in deferred inflows and outflows:</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Prior years difference between expected and actual	\$ 136,560	\$ 7,603,360
Prior years changes in proportion and differences between contributions	(1,112,119)	(374,607)
Prior years impact of change in proportion on beginning NOL	1,113,767	422,663
Prior years difference between expected and actual investment earnings	-	1,680,297
Prior years amortization	(45,685)	(1,028,650)
Current year amortization	(23,018)	(1,967,836)
Differences between expected and actual experience	-	3,265,466
Impact of change in proportion on beginning NOL	-	(313,254)
Difference between expected and actual investment earnings	1,521,428	-
Changes in assumptions	-	1,712,358
Changes in proportion and difference between employer contribution and proportionate share of contribution	7,308	777,898
Employer contributions subsequent to the measurement date	4,157,810	-
	<u>\$ 5,756,051</u>	<u>\$ 11,777,695</u>

Deferred outflows of resources amounting to \$4,157,810 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2022	\$ 2,544,863
2023	2,544,863
2024	2,544,863
2025	2,544,864
Thereafter	-
Total	<u>\$ 10,179,453</u>

15. PENSION LIABILITIES – SCHOOL BOARD

School Board Component Unit – Virginia Retirement System (VRS)

Plan Description. The School Board contributes to the Virginia Retirement System (VRS), a group of qualified defined benefit retirement plans to provide pension benefits for all permanent full-time employees of the School Board. The VRS Plan for employees who are not teachers is an agent-multiple employer defined benefit plan and the VRS Plan for Teachers is a cost-sharing multiple employer defined benefit plan. Both Plans are administered

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

by the Virginia Retirement System (the "System"). The VRS also provided Death and disability benefits. Title 51.1-145 of the *Code of Virginia*, as amended assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. See below for Net Pension Liability totals for each plan type.

	Teachers Cost Sharing Plan		Non-Professional Plan
Net Pension Liability	\$69,811,858	Net Pension Asset	\$(158,656)

School Board Teachers Cost Sharing Plan

Description. All full-time, salaried permanent teachers are automatically enrolled in VRS upon employment. Benefits vest after five years of service credit, and are eligible to retire with an unreduced or reduced benefit when they meet the age and service requirements of the plan. Members can earn one month of service credit for each month they are employed and contributions are deposited into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan. Members become vested when they have at least 60 months of creditable service. Basic benefit is calculated based average final compensation, retirement multiplier, and total service credit at retirement.

Plan 1 Description. The retirement benefit for teachers who became members before July 1, 2010 and were vested before January 1, 2013 is based on the average of the highest 36 months of compensation as a covered employee. The retirement multiplier for the creditable service purchased or granted before January 1, 2013 is 1.70%. Members must be 65 and have at least 5 years of creditable service, or age 50 with at least 30 years of creditable service to receive unreduced benefits. Early retirement age for Plan 1 member is 55 with at least 5 years of creditable service, or 50 with at least 10 years of creditable service. The Cost of Living Adjustment (the "COLA") for Plan 1 members matches the first 3% of the Urban Consumers Consumer Price Index plus one half of any excess over 3% up to a maximum COLA of 5%.

Plan 2 Description The retirement benefit for teachers who became members after June 30, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 is based on the average of the highest 60 months of compensation as a covered employee. The retirement multiplier for the creditable service purchased or granted after December 31, 2012 for Plan 2 members is 1.65%. The normal retirement age is Normal Social Security retirement age. Members must retire at the Normal Social Security Retirement Age with at least 5 years of creditable service or the sum of their age at retirement plus the years of creditable service equals 90 in order to receive an unreduced benefit. Early retirement age for Plan 2 members is 60 with at least 5 years of creditable service. The COLA for Plan 2 members matches the first 2% with a maximum COLA of 3%.

Hybrid Plan Description This plan combines features of a defined benefit plan and a defined contribution plan. The defined benefit is based on age, creditable service, and average final compensation. The defined contribution component depends on member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment from the defined benefit plan, members may receive distributions from the balance in the defined contributions account. Employees are eligible for this plan if either their membership date is on or after January 1, 2014, or they were members of Plan 1 or Plan 2 who elected to opt into the plan during election window from January 1-April 30, 2014. With the defined contribution component, a member is eligible to withdraw employer contributions, 50% after two years, 75% after three years, and 100% after four or more years, at which time they are vested and may withdraw all employer contributions. The retirement multiplier for the defined benefit is 1%.

Contributions. Teachers and employers are required to contribute to the retirement plans as provided by Section 51.1-145 of the *Code of Virginia*, as amended. For Plans 1 and 2, teachers are required to contribute 5.0% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.0% teacher contribution may have been assumed by the employer. Beginning July 1, 2012, new teachers were required to pay the 5.0% member contribution. In addition, for existing teachers, employers were required to begin making the teacher pay the member contribution. This could be phased in over a period of five years if the employer provided a salary increase equal to the amount of the increase in the teacher-paid member contribution. The Hybrid Plan contributions are

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

mandatory and voluntary contributions made by the member and employer to both the defined benefit and defined contribution components. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both member and the employer. Members of this plan may choose to make voluntary contributions to the defined contributions component and the employer is required to match those voluntary contributions according to a specified percentage.

The School Board's contractually required rate for the year ended June 30, 2021 was 16.62% of covered teacher compensation. This rate was based on the actuarially determined rate from an actuarial valuation prepared as of June 30, 2019. The actuarial rate for the School Board plan was 16.62%. This actuarially determined rate, when combined with teacher contributions, was expected to finance the costs of the benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the *Code of Virginia*, as amended, the contributions may be impacted as a result of funding provided to school divisions by the VA General Assembly. Contributions to the pension plan from the School Board were \$6,556,056 and \$6,381,272 for the years ended June 30, 2021 and 2020, respectively.

Pension Liabilities, Pension expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the School Board reported a liability of \$69,811,858 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating teachers. At June 30, 2020 the School Board's proportion was .4797% as compared to .4832% at June 30, 2020.

For the year ended June 30, 2021, the School Board recognized teacher pension expense of \$8,074,376. Since there was a change in the proportionate share between measurement dates, a portion of the pension expense was related to the deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of the employer contributions.

At June 30, 2021, the School Board reported deferred outflows and deferred inflows of resources related to teacher pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 5,309,965.00	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	159,140	252,184
Changes in assumptions	4,765,535	-
Net difference between expected and actual experience	-	4,092,051
Employer contributions subsequent to the measurement date	6,566,056	-
Total	<u>\$ 16,800,696</u>	<u>\$ 4,344,235</u>

Deferred outflows of resources amounting to \$6,556,056 related to teachers' pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to teachers' pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2021	\$ 46,274
2023	1,800,153
2024	2,340,705
2025	1,792,599
2026	(89,326)
Total	<u>\$ 5,890,405</u>

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Actuarial assumptions. The total pension liability for the teachers' pension was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75%, net of pension plan investment expenses, including inflation*
Inflation	2.5%
Projected Salary Increases	3.5 – 5.95%

Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement – RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement – RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement – RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement health, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjust rates to better match experience
Salary Scale	No change
Discount Rate	Decrease from 7.00% to 6.75%

Net Pension Liability The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 51,001,855
Plan Fiduciary Net Position	36,449,229
Employer's Net Pension Liability (Asset)	\$ 14,552,626
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Long-term Expected Rate of Return. The long term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.0%	4.65%	1.58%
Fixed Income	15.0%	0.46%	0.07%
Credit Strategies	14.0%	5.38%	0.75%
Real Assets	14.0%	5.01%	0.70%
Private Equity	14.0%	8.34%	1.17%
MAPS Multi-Asset Public Strategy	6.0%	3.04%	0.18%
PIP Private Investment Partnership	3.0%	6.49%	0.19%
Total	100.0%		4.64%
Inflation			2.50%
*Expected arithmetic nominal return			7.14%

The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of the expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a medial return of 6.81%.

Discount Rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumes that member contributions are made per the VRS Statutes and the employer contributions are made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the County for its retirement plan and the County Public Schools' for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that were funded by the Virginia General Assembly. From July 1, 2020 on, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The table below presents the proportionate share of the Net Pension Liability for the School Board calculated using the discount rate of 6.75%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 5.75%	Current Discount Rate: 6.75%	1.00% Higher 7.75%
Entity's Net Pension Liability	\$102,429,675	\$69,811,858	\$42,832,800

Pension Plan Fiduciary Net Position. Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Financial Report (AFR). A copy of the 2019 VRS AFR may be downloaded from VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf> or by writing to the system's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

School Board Non-Professional Pension Plan

Plan Description. All full-time, salaried permanent employees, who are not teachers, are automatically enrolled in VRS upon employment. Benefits vest after five years of service credit, and are eligible to retire with an unreduced or reduced benefit when they meet the age and service requirements of the plan. Members can earn one month of service credit for each month they are employed and contributions are deposited into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

The retirement benefit for employees who became members before July 1, 2010 and were vested before January 1, 2013 (Plan 1 members) is based on the average of the highest 36 consecutive months of compensation as a covered employee. The retirement benefit for employees who became members on or after July 1, 2010, or they were not vested as of January 1, 2013 (Plan 2 members) is based on the average of the highest 60 consecutive months of compensation as a covered employee. The retirement multiplier for the creditable service purchased or granted before January 1, 2013 for Plan 1 members is 1.70%. The retirement multiplier for the creditable service purchased or granted prior to January 1, 2013 for Plan 2 members is 1.65%. The normal retirement age is 65 for Plan 1 members and Normal Social Security Retirement age for Plan 2 members. Plan 1 members must be 65 and have at least 5 years of creditable service, or age 50 with at least 30 years of creditable service to receive unreduced benefits. Plan 2 members must retire at the Normal Social Security Retirement Age with at least 5 years of creditable service or the sum of their age at retirement plus the years of creditable service equals 90 in order to receive an unreduced benefit. Early retirement age for Plan 1 members is 55 with at least 5 years, or age 50 with at least 10 years of creditable service. Early retirement age for Plan 2 members is 60 with at least 5 years of creditable service. The Cost of Living Adjustment (the "COLA") for Plan 1 members matches the first 3% increase in the Urban Consumers Consumer Price Index (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. The COLA for Plan 2 members matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

Employees covered by benefit terms. The following employees were covered by the benefit terms of the Plan as of the June 30, 2019 actuarial valuation:

Inactive members or beneficiaries currently receiving benefits:	75
Inactive employees entitled to but not yet receiving benefits:	
Vested	9
Non-vested	25
Active elsewhere in VRS	16
Total inactive	50
Active employees:	67
Total covered employees	192

Contributions. The Contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but, may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.0% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.0% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.0% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the member contribution. This could be phased in over a period of five years if the employer provided a salary increase equal to the amount of the increase in the employee-paid member contribution.

The School Board's contractually required rate for the year ended June 30, 2021 was 2.38% of covered employee compensation. This rate was based on the actuarially determined rate from an actuarial valuation prepared as of June 30, 2019. This rate, when combined with employee contributions, was expected to finance the costs of the benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school Board were \$36,170 and \$79,040 for the years ended June 30, 2021 and 2020, respectively.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Net pension liability. The School Board's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial assumption. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75%, net if pension plan investment expenses including inflation*
Inflation	2.5%
Projected Salary Increases	3.0%

Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Largest 10 – Hazardous Duty:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Discount Rate	Decrease from 7.00% to 6.75%
Line of Duty Disability	Increase rate from 60% to 70%

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and increased age 50 rates
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Discount Rates	Decrease from 7.00% to 6.75%
Line of Duty Disability	Decrease rate from 60% to 45%

Long-term expected rate of return. The long term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.0%	4.65%	1.58%
Fixed Income	15.0%	0.46%	0.07%
Credit Strategies	14.0%	5.38%	0.75%
Real Assets	14.0%	5.01%	0.70%
Private Equity	14.0%	8.34%	1.17%
MAPS Multi-Asset Public Strategy	6.0%	3.04%	0.18%
PIP Private Investment Partnership	3.0%	6.49%	0.19%
Total	100.0%		4.64%
Inflation			2.50%
*Expected arithmetic nominal return			7.14%

The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocations. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the County for its retirement plan and the County Public Schools' for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, the participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability:	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a-b)
Balance at June 30, 2019	\$ 10,954,996	\$ 11,436,298	\$ (481,302)
Changes for the year:			
Service cost	197,515	-	197,515
Interest	708,789	-	708,789
Changes in assumptions	-	-	-
Differences between expected and actual experience	(204,159)	-	(204,159)
Contributions - employer	-	67,014	(67,014)
Contributions - employee	-	101,183	(101,183)
Net investment income	-	219,330	(219,330)
Benefit payments, including refunds of employee contributions	(908,847)	(908,847)	-
Administrative expense	-	(7,782)	7,782
Other changes	-	(246)	246
Net Changes	(206,702)	(529,348)	322,646
Balances at June 30, 2020	\$ 10,748,294	\$ 10,906,950	\$ (158,656)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The table below presents the net pension liability for the School Board calculated using the discount rate of 6.75%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 5.75%	Current Discount Rate: 6.75%	1.00% Higher 7.75%
Net Pension Liability	\$932,960	\$(158,656)	\$(1,087,322)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2021 the School Board recognized pension expense of \$(58,952). The School Board reported deferred outflows and deferred inflows of resources related to pensions from the following sources at June 30, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	\$ -	\$ 168,649
Changes in assumptions	41,666	-
Net difference between projected and actual earnings on plan investments	321,143	-
Employer contributions subsequent to the measurement date	36,170	-
	<u>\$ 398,979</u>	<u>\$ 168,649</u>

Deferred outflows of resources amounting to \$36,170 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2022	\$ (93,636)
2023	68,821
2024	113,503
2025	105,472
2026	-
Total	<u>\$ 194,160</u>

16. CITY SCHOOL BOARD - OTHER POST EMPLOYMENT BENEFIT (OPEB)

School Board Component Unit – Post-Employment Medical Plan Subsidy

Plan Description. The medical plan subsidy covers all full-time employees who have met all requirements of the Virginia Retirement System (VRS) that are eligible for full, unreduced retirement benefit if they have 30 years of service credit and have at least 10 consecutive years in a full-time salaried position as of the date of retirement. The retirees are not eligible for Medicare coverage (age 65) at retirement date. Medical benefit subsidies on or before March 15, 2006, is a monthly benefit fixed at \$250 payable to the earlier of: a) is age 65; b) is 60 monthly payments; and c) is the death of the retiree. Employees who retire after June 30, 2010, and have 10 or more consecutive years of service will receive one of the following annual allotments to assist with paying for individual health insurance with Charlottesville City Schools: Category A: \$4,000 for all full-time employees and Category B: \$2,000 for all part-time employees. Employees who are eligible for full retirement and are not eligible for or who do not choose health insurance coverage will receive a one-time payment of \$5,000 (full-time) or \$2,500 (part-time). There are no life insurance benefits.

Membership in the School's Local OPEB Plan consists of the following at July 1, 2020, the date of the most recent actuarial valuation:

	<u>Local Plan</u>
Inactive plan members or beneficiaries currently receiving benefit payments	22
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	689
Total	<u>711</u>

Funding Policy. The School Board is assumed to make contributions to the medical plan equal to the cost of the benefits (claim payments plus administrative fees not covered by the retiree contribution). The plan is funded on a pay-as-you-go basis. Employees make no contributions.

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and the plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The mortality rate used was RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

The following assumptions were used in the most recent actuarial report dated July 1, 2020:

Method	Assumption
Actuarial cost method	Entry Age Actuarial Cost Method
Salary scale	2.50%
Discount rate	2.45%
Investment return	None
Healthcare cost trend rate	9.75% FYE 2020 decreasing 5.50% FYE 2021 decreasing per year, to ultimate rate 5.00%

Basis of accounting and valuation of investments. The School's financial statements are prepared on the accrual basis of accounting.

Net OPEB Liability. Under GASB 74, the Net OPEB Liability is the excess, if any, of the Total OPEB Liability over the Fiduciary Net Position. The Total OPEB Liability is determined under the Entry Age actuarial cost method. The Net OPEB Liability as of June 30, 2020 and June 30, 2019 is as follows:

	June 30, 2020	June 30, 2019
Total OPEB Liability	\$ 3,474,000	\$ 3,192,000
Fiduciary Net Position	-	-
Net OPEB Liability	<u>\$ 3,474,000</u>	<u>\$ 3,192,000</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	0.0%	0.0%

At June 30, 2020 the School Board reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	\$ 122,000	\$ (103,000)
Changes in assumptions	200,000	(380,000)
Employer contributions subsequent to the measurement date	298,000	-
	<u>\$ 620,000</u>	<u>\$ (483,000)</u>

Deferred outflows of resources amounting to \$298,000 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2022	\$ (17,000)
2023	(17,000)
2024	(17,000)
2025	(17,000)
2026	(17,000)
Thereafter	<u>\$ (78,000)</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The liability has been calculated using a 3.13% discount rate. The table below presents the net OPEB liability for the School calculated using the discount rate of 3.13%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 1.45%	Current Discount Rate: 2.45%	1.00% Higher 3.45%
Net OPEB Liability	\$3,810,000	\$3,474,000	\$3,165,000

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates The table below presents the net OPEB liability for the School calculated using the healthcare cost trend rate of 6.0%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 4.5%	Current Trend Rate: 5.5%	1.00% Higher 6.5%
Net OPEB Liability	\$3,157,000	\$3,474,000	\$3,860,000

School Board Component Unit – OPEB Liability – Virginia Retirement System Plans

Plan Descriptions.

Group Life Insurance Program All full-time teachers and permanent employees of School division are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment. In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB. Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>.

Teacher Employee Health Insurance Credit Program All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death. Specific information about the Teacher HIC is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>. The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

Contributions. Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2021 Contribution	\$234,461
June 30, 2020 Contribution	\$233,335

Teacher Health Insurance Credit Program

Governed by:	Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.21% of covered employee compensation.
June 30, 2021 Contribution	\$499,855
June 30, 2020 Contribution	\$508,293

Actuarial methods and assumptions. Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities. Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 15.

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2019, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Method	Assumption
Inflation	2.5%
Salary Increases – General employees	3.5 – 5.35%
Salary Increases – Teachers	3.5 – 5.95%
Investment rate of return – GLI & HIC	6.75%

Net OPEB Liability. The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	GLI	HIC
Total OPEB Liability	\$ 3,523,937	\$ 1,448,676
Fiduciary Net Position	1,855,102	144,160
Net OPEB Liability	<u>\$ 1,668,835</u>	<u>\$ 1,304,516</u>
Fiduciary Net Position as a Percentage of Total OPEB Li	52.64%	9.95%

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.0%	4.63%	1.58%
Fixed Income	15.0%	0.46%	0.07%
Credit Strategies	14.0%	5.38%	0.75%
Real Assets	14.0%	5.01%	0.70%
Private Equity	14.0%	8.34%	1.17%
MAPS Multi-Asset Public Strategy	6.0%	3.04%	0.18%
PIP Private Investment Partnership	3.0%	6.49%	0.19%
Total	<u>100.0%</u>		<u>4.64%</u>
	Inflation		2.50%
	*Expected arithmetic nominal return		<u>7.14%</u>

The above allocation provides for a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

at the 40th percentile of expected long-term results of the VRS fund assets allocation. More recent capital market assumptions compiled for the FY 2020 actuarial valuations, provide a median return of 6.81%.

Net OPEB Liability As permitted by GASB 75, the OPEB related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2020 are based on a measurement date of June 30, 2019.

	Group Life Insurance Program	Teacher Health Insurance Credit
June 30, 2020 proportionate share of liability:	\$ 3,611,194	\$ 6,505,623
June 20, 2020 proportion	0.21639%	0.48316%
June 30, 2019 proportion	0.21724%	0.48288%
June 30, 2020 expense	\$ 142,750	\$ 522,477

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to GLI and HIC OPEB from the following sources:

Group Life Insurance Program	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 231,625	\$ 32,434
Change in Assumptions	180,601	75,404
Net difference between projected and actual earnings on OPEB plan investments	108,477	31,036
Changes in proportion	33,348	-
Employer contributions subsequent to the measurement date	234,461	-
Total	<u>\$ 788,512</u>	<u>\$ 138,874</u>

Teacher Health Insurance Credit Program	Deferred Overflows of Resources	Deferred Inflows of Resources
Differences between expected and actual investment earnings	\$ 27,932	\$ 84,172
Change in assumptions	124,599	34,437
Change in proportion	15,893	4,170
Employer contributions subsequent to the measurement date	499,795	-
Total	<u>\$ 668,219</u>	<u>\$ 122,779</u>

The deferred outflows of resources related to GLI and HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts expressed in thousands):

Group Life Insurance Program	Teacher Health Insurance Credit Program
Year ending June 30,	Year ending June 30,
Increase (Reduction) to OPEB Expense	Increase (Reduction) to OPEB Expense
2022	2022
\$ 59,433	\$ 5,832
2023	2023
90,068	8,601
2024	2024
116,297	7,673
2025	2025
119,115	10,500
2026	2026
28,685	12,223
Thereafter	Thereafter
1,579	816

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	<u>Teacher Employee HIC OPEB Plan</u>
Total Teacher Employee HIC OPEB Liability	\$ 1,448,676
Plan Fiduciary Net Position	144,160
Total Teacher Employee Net HIC OPEB Liability	<u>\$ 1,304,516</u>
Fiduciary Net Position as a Percentage of Total HIC OPEB Liability	9.95%

The total Teacher Employee HIC OPEB Liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB No. 74 in the System's notes to financial statements and RSI.

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the School Board for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liabilities of the GLI and Teacher HIC, as well as what the School Board's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (5.75% HIC; GLI) or one percentage point higher (7.75% HIC; GLI) than the current discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 4,747,192	\$ 3,611,194	\$ 2,688,657
Teacher HIC Net OPEB liability	7,277,043	6,505,623	5,849,652
Net OPEB liability	<u>\$ 12,024,235</u>	<u>\$ 10,116,817</u>	<u>\$ 8,538,309</u>

Summary of entity wide Net OPEB Liability:

	GLI	HIC	Local	Total OPEB Liability
Net OPEB Liability	<u>\$ 3,611,194</u>	<u>\$ 6,505,623</u>	<u>\$ 3,474,000</u>	<u>\$ 13,590,817</u>

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2018 Annual Financial Report (AFR). A copy of the 2020 VRS AFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

17. REVENUE SHARING AGREEMENT

An Annexation and Revenue Sharing Agreement dated February 17, 1982, between the City of Charlottesville, Virginia and the County of Albemarle, Virginia was approved in a public referendum on May 18, 1982. The agreement requires the City and County annually to contribute portions of their respective real property tax bases and revenues to a Revenue and Economic Growth Sharing Fund. Distribution of the fund and the resulting net transfer of funds shall be made on each January 31 while this agreement remains in effect.

During the time this agreement is in effect, the City will not initiate any annexation procedures against the County. Also, pursuant to this agreement, a committee was created to study the desirability of combining the governments and the services presently provided by them.

This agreement became effective July 1, 1982, and remains in effect until:

1. The City and County are consolidated into a single political subdivision, or
2. The concept for independent cities presently existing in Virginia is altered by State law in such a manner that real property in the City becomes a part of the County's tax base, or
3. The City and County mutually agree to cancel or change the agreement.

During the fiscal year, the County paid \$14,589,313 to the City as a result of this agreement, which is recorded in intergovernmental revenues.

18. JOINT VENTURES

(a) Rivanna Water and Sewer Authority

The City is a participant with the Albemarle County Service Authority (ACSA) in a joint venture to provide water and wastewater treatment services to City residents and residents in certain areas of Albemarle County. The Rivanna Water and Sewer Authority (RWSA) was created for that purpose. RWSA is governed by a seven-member board composed of City Manager, City Director of Public Works, a Charlottesville City Councilor, an Albemarle County Executive, an Albemarle County Supervisor, and the Executive Director of ACSA, as well as a seventh member who is appointed by concurrent action of the City and County. The City and ACSA have agreed to purchase water and wastewater treatment services for all their customers solely from RWSA, at rates established to cover the operating and debt costs of RWSA, until June 30, 2013. Beginning in November of 2015, RWSA began charging each locality a fixed monthly amount to cover the debt portion owed by each locality. For the year ended June 30, 2021, the City paid a total of \$14,834,091 to RWSA. Complete, audited financial statements for RWSA can be obtained at their administrative offices at 200 Franklin Street, Charlottesville, Virginia 22902.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

(b) Rivanna Solid Waste Authority

The City is a participant with Albemarle County in a joint venture to provide drop off recycling services at the McIntire Recycling Center on McIntire Rd. The City and County also entered into a Cost Sharing Agreement for purposes of paying any of the post-closure care and corrective action costs related to the old Ivy Landfill in the event the Rivanna Solid Waste Authority would not have the financial resources to pay such costs. Although the City entered into a Local Government Guarantee on behalf of the Rivanna Solid Waste Authority, the Virginia Department of Environmental Quality (DEQ) has no legal recourse against the City under this guarantee. The City's percentage of these shared costs is 35.5% of the total. The City share of the local guarantee for the 2020 calendar year and for fiscal year 2021 is \$446,912. Annual certificates must be filed every December 30th to DEQ. Complete, audited financial statements for RSWA can be obtained at their administrative offices at 200 Franklin Street, Charlottesville, Virginia 22902.

(c) Jefferson-Madison Regional Library

The City and several neighboring counties joined together to form a regional library system for the use of their respective residents. The Jefferson-Madison Regional Library (JMRL) is governed by an eleven-member board, four of whom are appointed by the City. The participating localities share the operating costs of JMRL on the basis of the prior year's book circulation. The City contributed \$2,015,037 to JMRL for the year ended June 30, 2021. Complete, audited financial statements for JMRL can be obtained at their administrative offices at 201 East Market Street, Charlottesville, Virginia 22902.

(d) Charlottesville – Albemarle Regional Jail

The City and Albemarle County share the costs of operating a regional jail. The Jail is governed by a seven-member board, three of whom are appointed by the City (with one member being ex-officio), three by the County, and one jointly appointed citizen. Under the terms of the operating agreement, either the City or the County can terminate the contract with sixty days' notice. The City and County share the costs of operating the Jail (net of any reimbursements from the Federal, State and other local governments) on the ratio of City and County prisoner days of utilization for the prior year. Any excesses or deficits are reimbursed after the end of each fiscal year. For the year ended June 30, 2021, the City's share of the costs of the Jail was \$4,316,545. Complete, audited financial statements for the Jail can be obtained at their administrative offices at Avon Street Extended, Charlottesville, Virginia 22902.

(e) Blue Ridge Juvenile Detention Center

The City, with Albemarle, Culpeper, Fluvanna and Greene Counties, share the cost of operating a regional Juvenile Detention Commission per an adopted agreement dated July 1, 1999, and amended July 2, 2007. Commission members are appointed by each participating locality, with not locality appointing a majority of Board members. Under the terms of the operating agreements, the participating governments share the costs of operations and capital based on their respective aggregate percentages of usage during the preceding three years on an annual basis. For the year ended June 30, 2021, the City's share of the costs for the Blue Ridge Juvenile Detention Center (BRJDC) was \$576,880. Complete, audited financial statements for the Center can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

(f) Emergency Communications Center

The City, Albemarle County and the University of Virginia jointly participate in operating a centralized dispatching facility for law enforcement and emergency services. The Emergency Communications Center (the Center) is governed by an eight-member board, three of whom are ex-officio members from the City. The Center operates under the terms of an agreement whereby any participant may discontinue its participation with one year's written notice. The operating costs of the Center are shared by the three participants on the basis of population, numbers of calls for service and annual crime statistics. For the year ended June 30, 2021 the City's share of the costs of the Center was \$1,478,245. Complete, audited financial statements for the Center can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

(g) Charlottesville Albemarle Convention & Visitors Bureau

This is a regional program funded by the City, Albemarle County, Charlottesville Regional Chamber of Commerce and the University of Virginia and revenues generated by the Bureau. Its purpose is to promote tourism in the area. The Bureau is governed by a Management Committee composed of the City Manager, the County Executive, the President of the Charlottesville-Albemarle Chamber of Commerce and one ex-officio, non-voting member from the University of Virginia. The Chamber of Commerce contributes an amount based on its membership dues. The City and the County contributions are based on the year's sales tax and lodging tax for each compared to total. For the year ended June 30, 2021, the City contributed \$1,212,691 to the Bureau.

(h) Darden Towe and Ivy Creek Parks

The City and County jointly own and operate two parks, known as Darden Towe Park and Ivy Creek Nature Center (the Parks). The Parks are governed by a supervisory committee, consisting of two ex-officio members each from the City and County. The operating costs of the Parks are shared between the two based on the average of the populations of the two localities and the relative proportion of park usage by City and County residents. For the year ended June 30, 2021, the City's share of the Parks' operating costs was \$152,047. Complete, audited financial statements for the Parks can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

19. RELATED ORGANIZATIONS

The City Council is responsible for making appointments for a variety of boards and commissions, some of which are governing boards for agencies that cooperate outside of the authority of city government. These boards include:

Belmont Bridge Steering Committee
Board of Architectural Review
Building Code Board of Appeals
Charlottesville – Albemarle Airport Authority
Charlottesville – Albemarle Airport Commission
Charlottesville – Albemarle Child Services Act Community Policy and Management Team
Charlottesville Economic Development Authority
Charlottesville Redevelopment and Housing Authority
Charlottesville Youth Council
Citizen's Advisory Panel
Citizen's Transportation Advisory Committee
Community Development Block Grant Task Force
Housing Advisory Committee
Human Rights Commission
JAUNT (Jefferson Area United Transportation Board)
Jefferson Area Board of Aging Advisory Council (JABA)
Jefferson Area Board of Aging-Board of Directors (JABA)
Jefferson Area Community Criminal Justice Board
Metropolitan Planning Organization Policy Board
Monticello Area Community Action Agency Board (MACAA)
Parks and Recreation Advisory Committee
Personnel Appeals Board
Piedmont Virginia Community College Board
Planning Commission/Entrance Corridor Review Board

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

PLACE Design Task Force
Region Ten Community Services Board
Regional Disability Service Board
Retirement Commission
Rivanna Solid Waste Authority
Rivanna Water and Sewer Authority
Sister Cities Commission
Social Services Advisory Board
Streets That Work / Code Audit Steering Committee
Thomas Jefferson Planning District Commission
Towing Advisory Board
Tree Commission
Vendor Appeals Board
Water Resources Protection Program Advisory Committee

20. RISK MANAGEMENT

The Risk Management Fund reports liabilities for claims when it is probable that a loss has been incurred, and also includes independent estimates for claims that have been incurred but not reported. Since these claims are estimates based on currently available information, they are reviewed periodically, and the reported liabilities are revised as necessary. The net position balance of \$13,318,295 at June 30, 2021, is a reserve for future extraordinary claims.

Major risks retained by the City include:

- Worker's compensation - \$750,000 per claim for police and fire employees and \$250,000 for all other employees.
- Employee medical care - \$150,000 per participant per year.
- Other insurance policies have deductibles of \$25,000 or less per occurrence.
- The following is a reconciliation between the current and prior years' claims liabilities:

	<u>2020-2021</u>	<u>2019-2020</u>
Accrued claims, July 1	\$ 2,683,212	\$ 2,637,204
Add claims incurred during the current fiscal year including changes in estimated claims payable	16,137,793	15,227,370
Less payments on claims	(15,765,615)	(15,181,362)
Accrued claims, June 30	<u>\$ 3,055,390</u>	<u>\$ 2,683,212</u>
Claims or judgments due within one year	\$ 2,087,390	\$ 2,097,930
Claims or judgments due in more than one year	968,000	585,282
Total	<u>\$ 3,055,390</u>	<u>\$ 2,683,212</u>

Public employee dishonesty insurance is provided by the Virginia Risk Sharing Association for \$1,000,000 per employee. The policy includes coverage for employee theft and/or dishonesty, including but not limited to forgery, and loss of property, money, and securities. Coverage is for all employees of the City of Charlottesville.

The City has comprehensive cyber liability coverage including a number of risks such as security breaches, system failures, data recovery, and cyber extortion.

During the normal course of business, the City and its employees have been named as defendants in claims for personal injuries, property damage and specific performances which are being defended by the City Attorney and associated counsel. It is the opinion of the City Attorney that the resolution of such litigation will not involve a substantial liability to the City, other than what is already accrued in the government-wide financial statements.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

21. CONTINGENCIES

The City and School Board have received a number of Federal and State grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the City and School Board's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time. In the opinion of management, any further disallowances of current grant program expenditures, if any, would be immaterial.

22. FUND BALANCE/NET POSITION AT JULY 1, 2020 RESTATED

The Fund Balance and Net Position was restated due to prior year adjustments needed as shown:

	<u>Governmental Activity</u>
Net Position as previously reported at June 30, 2020:	\$ 145,492,723
Adjustment in Bonds Payable for Prior Periods - Gov. Debt	(883,371)
Write off Trash Retainage in Prior year - General Fund	225,000
Post Capitalizatin Depreciation for Prior Year Assets	(1,288,948)
Net Position as restated at July 1, 2020:	<u>\$ 143,545,404</u>
	<u>Business Type Activity</u>
Net Position as previously reported at June 30, 2020:	\$ 54,933,037
System generated additional deproeciation in FY202 not reported	975
Adjustment for Bonds Premium Prior Year - Water Debt	(192,540)
Adjustment for Bonds Premium Prior Year - Sewer Debt	(439,286)
Adjustment for Bonds Premium Prior Year - Stormwater Debt	(161,022)
Net Position as restated at July 1, 2020:	<u>\$ 54,141,164</u>
Fund Balance as Reported for General Fund at June 30.2020	\$ 46,948,392
Write-off trash retainage in prior periods - General Fund	225,000
Fund Balance asRestated at July 1.2020	<u>\$ 47,173,392</u>

23. NET POSITION DEFICIT

The Charlottesville School Board had a net position deficit of \$41,172,046 at June 30, 2021. This deficit is due to the long-term net pension and OPEB liabilities.

24. MAJOR UTILITY CUSTOMER IN FISCAL YEAR 2021

The City has one major water and gas customer, the University of Virginia. For the current year, water and gas revenue from this customer was \$2,818,423 and \$6,154,839, respectively, which represents 23.51% of water revenue and 25.47% of gas revenue.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

25. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2021, the City had several construction contracts and other commitments which are summarized as follows:

Project Name	Contract Amount	Expended to Date	Balance
Route 250 Bypass and Melbourn Road	\$ 7,642,230	\$ 2,946,520	\$ 4,695,710
General District Court rEnovations	6,838,028	238,122	6,599,906
Belmont Bridge rEplacement	5,877,048	2,712,497	3,164,551
Circuit Court Renovation	4,103,804	4,045,496	58,308
Utility Locating Services	4,700,000	4,267,136	392,045
West Main Street	4,068,240	3,019,255	1,048,985
Wastewater Rehabilitation	3,592,393	1,057,049	2,535,344
Water Line Construction	2,969,348	1,497,932	1,471,416
Crescent Halls Redevelopment	1,875,000	500,000	1,375,000
Fountain Streetscape	1,868,410	-	1,868,410
Emmet Streetscape	1,675,548	1,366,336	309,212
City School Reconfiguration	1,474,170	674,307	799,863
Smith Indoor Air Quality	1,459,882	1,447,886	11,996
	<u>\$ 48,144,101</u>	<u>\$ 23,772,536</u>	<u>\$ 24,330,746</u>

26. TAX ABATEMENTS

The Charlottesville Economic Development Authority (CEDA), a component unit, entered into the following agreement in which the authority will issue performance grants to the following entities in an effort to generate jobs and increase commercial real estate revenue to the City of Charlottesville, the primary government. Annually, the City will transfer to the CEDA an amount equal to 50% of the incremental increase in real estate revenue generated by the projects referenced in the agreement. These transfers are made only if the performance criteria have been met as determined by the CEDA, and there are no provisions for recapturing these abatements by the City.

These incentives were made with the following entity for the number years and the minimum performance measures indicated:

Agreement Date	Length of Agreement (Years)	Agreement Entity	Minimum Number of Jobs to be Created	Minimum Increase in Real Estate Value
June 2, 2011	10	459 Locust Charlottesville LLC/CFA Institute	400	\$40 Million

In the fiscal year ended below, the City transferred to the CEDA based on this agreement the following amounts:

Fiscal Year	Amount
2015	\$ 267,000
2016	78,800
2017	342,936
2018	220,483
2019	343,422
2020	242,183
2021	267,944
	<u>\$ 1,762,768</u>

To date, this agreement has generated nearly 475 jobs and added \$67 million in real estate value within the City.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

27. COVID-19 PANDEMIC FUNDING

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The federal government passed legislation to mitigate the economy impact of the pandemic. As a result of this legislation, the City received the following awards beginning in the spring of 2020 through FY2021. The awards have been expended as follows:

	Amount Awarded	Expended Prior Year	Spent July 2020 - June 2021	Available Future Fiscal Years
Direct Federal Aid:				
Health and Human Services - for EMS	\$ 58,201	\$ 58,201	\$ -	\$ -
Federal Transportation Agency - for Transit	7,143,582	1,088,067	1,550,000	4,505,515
Federal Transportation Agency - for JAUNT	1,054,131	-	875,050	179,081
Housing and Urban Development - for CDBG	581,401	-	145,038	436,364
U.S. Department of Justice - BJA	80,781	-	10,904	69,877
American Rescue Plan Act - for the City	9,804,855	-	-	9,804,855
Federal Aid Passed Through the State:				
Rail and Public Transportation - for Transit	221,227	221,227	-	-
Treasurer of Virginia - CARES Act for the City	8,311,781	51,926	8,259,855	-
Treasurer of Virginia - CARES Act for City Schools	2,409,620	344,827	1,366,087	698,706
Treasurer of Virginia - Utility Customer COVID Relief	198,568	-	186,901	11,667
Housing and Community Development - Homelessness	1,119,706	-	639,600	480,106
Total	\$ 30,983,853	\$ 1,764,248	\$ 13,033,435	\$ 16,186,171

28. ADOPTION OF ACCOUNTING PRINCIPLE AND FUND BALANCE/NET POSITION AT JULY 1, 2020 RESTATED

The City and the Charlottesville School Board implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of beginning fund balance and net position for the Charlottesville School Board:

Charlottesville School Board					
	Net Position	Governmental Funds - Fund Balance			
		General Fund	Grant and Other Governmental Funds	Healthcare Fund	Totals
July 1, 2020, as previously stated	\$ (43,644,930)	\$ 771,764	\$ 2,222,150	\$ 2,502,874	\$ 5,496,788
Prior year adjustment not recorded:	13,644			13,644	13,644
GASB 84 Implementation:					
School activity funds	718,051	-	718,051	-	718,051
July 1, 2020, as restated	<u>\$ (42,913,235)</u>	<u>\$ 771,764</u>	<u>\$ 2,940,201</u>	<u>\$ 2,516,518</u>	<u>\$ 6,228,483</u>



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

1. BUDGETARY ACCOUNTING

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The City and many other governments revise their original budgets over the course of the year for a variety of reasons. Accordingly, GAAP requires that governments include the original budget with the comparison of final budget and actual results.

The City's budget process begins in December with the preparation of estimated revenue forecasts. Departmental budget requests are submitted to the City Manager in early January. By early March the Manager's proposed budget is presented to City Council. A series of City Council work sessions and public hearings are held. The budget is formally adopted by April 15.

An annual operating budget is adopted for the General Fund and the Social Services Fund. Within the General Fund, budgets are legally adopted at the departmental level. The City Manager is authorized to transfer the budget for personnel cost (salaries and fringe benefits) between departments if necessary; however, any other revisions that alter the total expenditures of any department or agency must be approved by City Council. Unexpended appropriations lapse at the end of the fiscal year unless carried over by Council action.

The budgets are integrated into the accounting system and the budgetary data, as presented in the Required Supplementary Information for all major funds with annual budgets, compares the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedules for the General and Social Services Funds present actual expenditures in accordance with GAAP on a basis consistent with legally adopted budgets as amended. Original, final budget and actual revenues and expenditures, including encumbrances, for the General Fund and Social Services Fund are presented on Exhibits G -1 and G-2, respectively. Original budget amounts are the budgets originally adopted by City Council, plus any approved amounts carried over from the previous fiscal year. Final budgets are these amounts plus any adjustments, through additional appropriations or reductions.

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

		Budgeted Amounts		Actual-Budget	Variance
		Original	Final	Basis (see Note 1)	Positive (Negative)
REVENUES					
Taxes:					
Real estate	\$	78,353,270	\$ 78,353,270	\$ 79,793,695	\$ 1,440,425
Personal property		9,800,000	9,800,000	9,163,369	(636,631)
Public service corporation		1,459,389	1,459,389	1,542,920	83,531
Penalties and interest on delinquent taxes		415,000	415,000	616,071	201,071
Sales and use		11,504,331	11,504,331	12,202,161	697,830
Business license		6,225,000	6,225,000	7,648,188	1,423,188
Utilities		5,024,112	5,024,112	4,477,998	(546,114)
Communications		2,600,000	2,600,000	2,357,526	(242,474)
Meals		14,295,064	14,295,064	11,032,143	(3,262,921)
Lodging		6,282,721	6,282,721	3,792,490	(2,490,231)
Tax on bank stock		1,200,000	1,200,000	1,244,963	44,963
Tax on wills and deeds		625,000	625,000	853,716	228,716
Rolling stock		19,319	19,319	16,995	(2,324)
Short-term rental		60,000	60,000	24,145	(35,855)
Cigarette		575,000	575,000	602,077	27,077
Recordation		205,223	205,223	-	(205,223)
Game of Skills		-	-	127,872	127,872
Total Taxes:		138,643,429	138,643,429	135,496,329	(3,147,100)
Licenses and permits:					
Vehicle license fees		900,000	900,000	949,985	49,985
Dog licenses		10,000	10,000	2,940	(7,060)
Electrical, heating and mechanical permits		250,000	250,000	269,106	19,106
Building and plumbing permits		450,000	450,000	540,922	90,922
Erosion control fees		27,000	27,000	19,700	(7,300)
Sign permits		8,000	8,000	4,475	(3,525)
Other permits		642,250	642,250	996,544	354,294
Total Licenses and permits:		2,287,250	2,287,250	2,783,672	496,422
Intergovernmental:					
Revenue from State agencies:					
State highway assistance		4,291,324	4,291,324	4,263,654	(27,670)
Reimbursement for constitutional officers		1,698,184	1,698,184	1,780,441	82,257
Police assistance		2,077,468	2,145,381	2,306,265	160,884
Trailer titling tax		1,200	1,200	1,830	630
PPTRA revenue		3,498,256	3,498,256	3,498,256	-
Other State assistance		132,500	132,500	142,879	10,379
Revenue from other local governments:					
Revenue sharing - Albemarle County		14,589,313	14,589,313	14,589,313	-
Fire Department operations		195,000	195,000	202,013	7,013
Juvenile and Domestic Relations Court		121,673	121,673	121,673	-
Court revenue		490,000	490,000	269,391	(220,609)
Circuit Court reimbursement		10,000	10,000	19,469	9,469
University of Virginia service charge		46,000	46,000	74,027	28,027
Payment in lieu of taxes - CRHA		6,116,667	6,116,667	46,118	(6,070,549)
Other local governments		3,399,922	3,399,922	600,930	(2,798,992)
Total Intergovernmental:		36,667,507	36,735,420	27,916,259	(8,819,161)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Charges for services:				
Recreation income	1,050,267	1,050,267	186,135	(864,132)
Parking meter receipts	-	-	18	18
Parking garage revenue	2,541,143	2,541,143	619,491	(1,921,652)
Solid waste collection fees	1,115,000	1,115,000	1,140,161	25,161
Emergency Medical Services	1,300,000	1,300,000	1,413,043	113,043
Tax abatement application fees	-	-	750	750
DMV Select Commissions	35,000	35,000	39,242	4,242
Other charges for services	3,548,965	3,548,965	2,749,738	(799,227)
Total Charges for services:	9,590,375	9,590,375	6,148,578	(3,441,797)
Fines:				
Parking fines	420,000	420,000	157,302	(262,698)
Investment earnings:	706,000	706,000	725,202	19,202
Miscellaneous revenues:				
Rent	494,956	494,956	540,599	45,643
Proceeds from drug seizures	-	-	42,320	42,320
Contributions	-	22,904	40,768	17,863
Refund of prior year expenditures	50,000	50,000	144,249	94,249
Indirect cost recovery	125,000	125,000	198,064	73,064
Other miscellaneous revenues	1,404,000	1,529,541	238,323	(1,298,218)
Gain (loss) on investments	-	-	(332,945)	(332,945)
Total Miscellaneous revenues:	2,073,956	2,222,402	871,378	(1,358,024)
Total Revenues	190,388,517	190,604,876	174,098,720	(16,513,156)
EXPENDITURES-CURRENT				
General government:				
Legislative:				
Mayor and Council	878,913	932,727	692,074	240,653
Reserve for Council	550,400	550,400	121,580	428,820
First Cities	18,000	18,000	17,877	123
Sister Cities	46,275	46,275	5,154	41,121
Judicial:				
City Circuit Court	920,909	934,982	873,608	61,374
General District Court	21,143	21,143	13,369	7,774
Court Services Unit	16,280	16,280	16,188	92
Juvenile and Domestic Relations Court	398,980	398,980	316,997	81,983
Commonwealth's Attorney	1,179,432	1,179,432	1,088,563	90,869
City Sheriff	1,491,217	1,491,217	1,342,687	148,531
Executive:				
City Manager	2,145,182	2,286,307	1,992,212	294,096
Human Rights Commission	238,483	238,483	87,600	150,883
Citywide Reserve	8,548,996	8,543,849	583,160	7,960,689
Legal:				
City Attorney	1,030,592	1,030,592	900,444	130,148
Financial administration:				
Commissioner of Revenue	1,356,961	1,396,901	1,396,901	-
Real Estate Assessor	814,938	837,263	837,263	-
Treasurer	1,364,524	1,364,524	1,299,201	65,322
Finance - Administration	1,372,472	1,386,425	1,386,425	-
Purchasing	357,755	357,755	302,904	54,851
Personnel administration:				
Human Resources Department	1,226,981	1,226,981	1,061,068	165,913
Elections:				

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Office of the Registrar	671,840	671,840	643,955	27,885
General government buildings and plant:				
Public Works - Administration	2,996,877	3,005,806	2,712,619	293,186
Custodial	567,783	567,783	350,679	217,104
Maintenance	2,843,943	2,855,698	2,365,036	490,662
Information technology:				
IT Operations	2,942,721	2,942,721	2,513,166	429,555
Total General government:	<u>34,001,596</u>	<u>34,302,363</u>	<u>22,920,730</u>	<u>11,381,634</u>
Public safety:				
Police protection:				
Police Department	18,489,033	18,556,060	16,856,444	1,699,615
Drug investigation	12,411	12,411	6,594	5,817
Fire protection:				
Fire Department	11,662,994	11,743,866	11,634,135	109,731
Volunteer Fire Company	22,242	22,242	2,400	19,842
Other protection:				
Contribution - Charlottesville-Albemarle Regional Jail	4,316,546	4,316,546	4,316,545	1
Blue Ridge Juvenile Detention Center	576,870	576,880	576,880	-
Office of the Magistrate	9,150	9,287	9,286	1
Traffic Engineering	879,845	879,845	861,069	18,776
Contribution - Emergency Communications Center	1,485,643	1,485,643	1,478,245	7,398
Four for Life	74,186	74,186	39,287	34,899
Emergency medical services	910,146	949,400	931,766	17,634
Crisis Intervention Training	109,677	109,677	103,071	6,606
Total Public safety:	<u>38,548,743</u>	<u>38,736,042</u>	<u>36,815,722</u>	<u>1,920,320</u>
Community services				
Highways and streets:				
Public Service - Administration	609,558	609,558	529,283	80,275
Streets and sidewalks	4,393,324	4,393,324	3,349,262	1,044,061
Street lighting	696,624	696,624	643,714	52,910
Sanitation:				
Refuse collection and disposal	2,151,317	2,210,599	2,137,728	72,871
Contribution to Ivy Landfill	210,000	460,000	447,912	12,088
Transportation:				
Contribution to JAUNT	1,744,416	1,744,416	1,744,416	-
Total Community services	<u>9,805,239</u>	<u>10,114,521</u>	<u>8,852,315</u>	<u>1,262,205</u>
Health and welfare:				
Health:				
Thomas Jefferson Health Department	612,708	605,208	605,208	-
Region Ten Community Services Board	1,021,865	1,021,865	1,021,865	-
Society for the Prevention of Cruelty to Animals	282,415	282,415	282,415	-
Offender Aid and Restoration	-	293,392	293,392	-
Welfare:				
Tax relief for the elderly	130,738	130,738	433,313	(302,575)
Rent relief for the elderly	20,099	20,099	32,370	(12,271)
Tax relief for the disabled	61,542	61,542	207,078	(145,536)
Rent relief for the disabled	219,133	219,133	179,950	39,183
CHAR homeowners tax relief prog	1,443,488	1,443,488	831,788	611,700
Stormwater fee assistance program	20,000	20,000	16,411	3,589
Education Extension program	52,297	52,297	43,631	8,666
Contributions to community organizations	2,855,498	2,200,443	2,177,889	22,554
Total Health and welfare:	<u>6,719,783</u>	<u>6,350,620</u>	<u>6,125,310</u>	<u>225,310</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Parks, recreation and culture:				
Culture:				
Contribution to Jefferson - Madison Regional Library	2,015,037	2,015,037	2,015,037	-
Contributions to community organizations	202,416	116,993	116,993	-
Contributions to festivals	-	29,568	29,526	42
Recreation:				
Administration	1,057,788	1,011,663	987,824	23,839
Athletics	275,498	275,498	152,946	122,552
Aquatics	2,354,586	2,270,161	1,157,539	1,112,623
Recreation centers	2,268,517	2,258,327	1,559,230	699,096
Special activities	880,431	963,706	557,878	405,828
Therapeutic programs	434,018	440,308	312,556	127,752
Parks:				
Park maintenance	4,627,350	4,605,605	4,019,774	585,831
Contribution to Towe Park operations	87,553	152,048	152,047	1
Total Parks, recreation and culture:	<u>14,203,194</u>	<u>14,138,914</u>	<u>11,061,350</u>	<u>3,077,564</u>
Education:				
Contribution to School Board component unit	58,709,623	58,709,623	51,786,313	6,923,310
School pupil transportation	3,384,476	3,389,476	2,255,083	1,134,393
School maintenance and energy management	3,831,272	3,831,272	3,540,119	291,153
Piedmont Virginia Community College	12,317	12,317	12,317	-
Lighthouse Studio	-	22,500	22,500	-
Schoolyard Garden	-	24,300	24,300	-
Contributions to community organizations	-	45,267	45,267	-
Total Education:	<u>65,937,688</u>	<u>66,034,755</u>	<u>57,685,899</u>	<u>8,348,856</u>
Conservation and development:				
Economic development:				
Office of Economic Development	1,552,746	1,592,367	1,287,406	304,961
Chamber of Commerce	2,000	2,000	1,700	300
Contribution to Convention and Visitors Bureau	1,212,691	1,212,691	1,212,691	-
Urban redevelopment and housing:				
Parking enterprise	2,384,680	2,384,680	1,899,686	484,994
Neighborhood Development Services Department	2,613,668	2,604,739	2,252,203	352,537
Historic Preservation Task Force	47,198	47,198	2,064	45,135
Thomas Jefferson Planning District	94,425	94,425	94,425	-
Albemarle Housing Improvement Program	-	150,000	150,000	-
Small Business Development Center	19,200	19,200	19,200	-
Contributions to community organizations	24,640	200,091	200,091	-
Total Conservation and development:	<u>7,951,249</u>	<u>8,307,392</u>	<u>7,119,466</u>	<u>1,187,927</u>
Other activities:				
Virginia Municipal League	16,820	16,820	17,355	(535)
Employee benefits	1,930,984	1,854,266	1,493,848	360,418
Corporate training program	88,120	88,120	40,784	47,336
Thomas Jefferson Soil & Water	13,049	13,049	13,049	-
Virginia Institute for Government	2,500	2,500	2,500	-
Alliance for Innovation	2,550	2,550	-	2,550
Rivanna Conservation Alliance	11,000	11,000	11,000	-
National League of Cities	5,000	5,000	4,002	998
Center for Nonprofit Excellence	600	600	600	-
Total Other activities:	<u>2,070,623</u>	<u>1,993,905</u>	<u>1,583,138</u>	<u>410,767</u>
Total Expenditures - Budgetary Basis	<u>179,238,116</u>	<u>179,978,513</u>	<u>152,163,930</u>	<u>27,814,583</u>

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT G-1

Page 5 of 5

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
ENCUMBRANCES				
Less open encumbrances - June 30, 2021	-	-	(2,177,192)	2,177,192
Total Expenditures	179,238,116	179,978,513	149,986,738	29,991,775
Revenues Over Expenditures	11,150,401	10,626,363	24,111,982	13,478,619
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Transfer from Other Funds	5,600,597	5,643,491	5,776,201	132,710
Total Transfers in:	5,600,597	5,643,491	5,776,201	132,710
Transfers out:				
Transfer to State Grants Fund	(33,000)	(43,886)	(65,638)	(21,751)
Transfer to Social Services Fund	(3,602,777)	(3,602,777)	(3,473,841)	128,936
Transfer to Human Services Fund	(641,280)	(641,280)	(641,280)	-
Transfer to Children's Services Act Fund	(2,004,722)	(2,004,722)	(1,494,010)	510,712
Transfer to Virginia Juvenile Comm Crime Control Act Fund	(108,415)	(108,415)	(108,415)	-
Transfer to Transit Fund	(2,513,651)	(2,515,233)	(2,515,233)	-
Transfer to Debt Service Fund	(11,013,359)	(11,013,359)	(10,354,393)	658,966
Transfer to Capital Projects Fund	(1,084,814)	(5,085,724)	(4,994,660)	91,064
Transfer to Information Technology Fund	(59,000)	(59,000)	-	59,000
Total Transfers out:	(21,061,018)	(25,074,396)	(23,647,470)	1,426,927
Total Other Financing Sources (Uses), Net	(15,460,421)	(19,430,905)	(17,871,269)	1,559,637
Net Change in Fund Balance	\$ (4,310,020)	\$ (8,804,542)	6,240,713	\$ 15,038,256
Fund Balance - July 1, 2020 as Restated			47,173,392	
Fund Balance - June 30, 2021			\$ 53,414,105	

See Accompanying Note to Required Supplementary Information

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SOCIAL SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 9,984,000	\$ 10,600,877	\$ 10,249,720	\$ (351,157)
Investment earnings	-	-	1	1
Miscellaneous	-	6,000	8,220	2,220
Total revenues	9,984,000	10,606,877	10,257,941	(348,936)
EXPENDITURES				
Current:				
Health and welfare	14,758,668	15,381,545	13,731,782	1,649,763
Capital outlay	50,000	50,000	-	50,000
Total expenditures - budgetary basis	14,808,668	15,431,545	13,731,782	1,699,763
Less open encumbrances at June 30	-	-	-	-
Total expenditures	14,808,668	15,431,545	13,731,782	1,699,763
Revenues over (under) expenditures	(4,824,668)	(4,824,668)	(3,473,841)	1,350,827
OTHER FINANCING SOURCES (USES)				
Transfers in	4,824,668	4,824,668	3,473,841	(1,350,827)
Total other financing sources (uses), net	4,824,668	\$ 4,824,668	3,473,841	(1,350,827)
Net change in fund balance	-	-	-	-
FUND BALANCE July 1, 2020	119,698	119,698	119,698	-
FUND BALANCE June 30, 2021	<u>\$ 119,698</u>	<u>\$ 119,698</u>	<u>\$ 119,698</u>	<u>\$ -</u>

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-1

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PENSION PLAN

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 2,263,023	\$ 2,884,731	\$ 2,718,977	\$ 2,659,173	\$ 2,512,981	\$ 2,500,699	\$ 2,240,673	\$ 2,209,225
Interest	15,312,412	14,613,181	14,162,162	13,594,672	13,196,843	12,850,577	11,096,155	10,715,382
Changes of benefit terms	-	-	-	-	(961,615)	-	-	-
Differences between expected and actual experience	714,457	(638,262)	2,223,406	3,517,133	1,889,654	26,647	2,803,443	1,767,216
Changes of assumptions	-	6,197,699	-	-	-	-	17,484,857	-
Benefit payments, including refunds of employee contributions	(14,067,437)	(13,412,920)	(12,780,445)	(11,648,911)	(11,029,235)	(10,502,386)	(9,972,849)	(9,269,548)
Net change in total pension liability	4,222,455	9,644,429	6,324,100	8,122,067	5,608,628	4,875,537	23,652,279	5,422,275
Total pension liability - beginning	211,072,055	201,427,626	195,103,526	186,981,459	181,372,831	176,497,294	152,845,015	147,422,740
Total pension liability - ending (a)	215,294,510	211,072,055	201,427,626	195,103,526	186,981,459	181,372,831	176,497,294	152,845,015
Plan fiduciary net position								
Contributions - employer	11,022,358	11,391,629	10,143,794	9,910,900	7,763,084	7,088,275	6,794,772	6,900,872
Contributions - employee	1,087,218	1,098,813	1,099,463	792,561	329,599	342,352	226,903	138,129
Net investment income	34,102,627	3,605,139	8,946,662	10,527,419	12,294,092	(1,546,127)	3,424,127	15,709,061
Benefit payments, including refunds of employee contributions	(14,067,437)	(13,412,920)	(12,780,445)	(11,648,911)	(11,029,235)	(10,502,386)	(9,972,849)	(9,269,548)
Administrative expense	(238,939)	(238,340)	(240,537)	(228,247)	(253,592)	(268,455)	(272,012)	(239,503)
Other	(409)	(309)	30	553,281	83,757	-	-	-
Net change in plan fiduciary net position	31,905,418	2,444,012	7,168,967	9,907,003	9,187,705	(4,886,341)	200,941	13,239,011
Plan fiduciary net position - beginning	119,920,421	117,476,409	110,307,442	100,400,439	91,212,734	96,099,075	95,898,134	82,659,123
Plan fiduciary net position - ending	\$ 151,825,839	\$ 119,920,421	\$ 117,476,409	\$ 110,307,442	\$ 100,400,439	\$ 91,212,734	\$ 96,099,075	\$ 95,898,134
Total net pension liability - ending	\$ 63,468,671	\$ 91,151,634	\$ 83,951,217	\$ 84,796,084	\$ 86,581,020	\$ 90,160,097	\$ 80,398,219	\$ 56,946,881
City Portion of Total net pension liability - ending	\$ 61,438,194	\$ 88,331,731	\$ 81,214,818	\$ 81,607,092	\$ 82,427,752	\$ 86,534,334	\$ 77,045,318	\$ 54,763,111
JMRL (Library) Portion of total net pension liability - ending	2,030,477	2,583,631	2,638,484	2,842,652	3,769,195	3,255,673	2,968,515	1,950,754
CACVB (Visitors Bureau) portion of net pension liability - ending	-	236,272	97,915	346,340	384,073	370,090	384,386	233,016
	\$ 63,468,671	\$ 91,151,634	\$ 83,951,217	\$ 84,796,084	\$ 86,581,020	\$ 90,160,097	\$ 80,398,219	\$ 56,946,881
Plan fiduciary net position as a percentage of total pension liability	71%	57%	58%	57%	54%	50.29%	54.45%	62.74%
Covered payroll	\$ 37,338,848	\$ 37,054,637	\$ 39,573,350	\$ 37,845,597	\$ 36,800,404	\$ 34,820,331	\$ 35,324,742	\$ 34,244,022
Net pension liability as a percentage of covered payroll	170%	246%	212%	224%	235%	258.9%	227.6%	166.3%

Pension liability and related ratios are presented for all pension plan members

Benefit changes: No benefit changes were approved by Charlottesville City Council

Changes of assumptions: In 2017 changes were made in the following actuarial assumptions: salary increases for all employees, retirement rates for all employees, turnover rates for all employees, mortality rates for all employees and Social Security wage base and benefit increases. As of June 30, 2015 the City utilizes the entry age actuarial cost method. The unfunded liability has been amortized under a "fresh start" over 20 years as of June 30, 2017.

Rate of Return: The annual money-weighted rate of return on pension plan investments, net of plan investment expense, expresses investment performance adjusted for the changing amounts invested as follows:

2021	2020	2019	2018	2017	2016	2015	2014
28.70%	8.64%	8.18%	10.49%	13.71%	-1.80%	3.70%	19.40%

The Pension Plan participants include employees of the Jefferson Madison Regional Library (JMRL) and the Charlottesville Albemarle Convention and Visitors Bureau (CACVB). This schedule of changes in Net Pension Liability is provided for all participants.

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-2

SCHEDULE OF PENSION PLAN CONTRIBUTIONS
CITY PENSION PLAN

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 11,022,358	\$ 9,591,629	\$ 10,053,850	\$ 9,910,900	\$ 7,763,084	\$ 6,388,275	\$ 6,094,772	\$ 6,200,872	\$ 5,701,673	\$ 5,890,831
Actual contributions in relation to actuarially determined contribution	11,022,358	11,391,629	10,143,794	9,910,900	7,763,084	7,088,275	6,794,772	6,900,872	5,701,673	5,890,831
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (1,800,000)</u>	<u>\$ (89,944)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>\$ (700,000)</u>	<u>\$ (700,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	37,174,901	38,244,136	40,490,737	37,845,597	\$ 36,800,404	\$ 34,820,331	\$ 35,324,742	\$ 34,244,022	\$ 32,488,161	\$ 32,753,040
Actual contributions as a percentage of covered payroll	29.65%	29.79%	25.05%	26.19%	21.10%	20.36%	19.24%	20.15%	17.55%	17.99%

Schedule is intended to show information for 10 years. Additional years will be included as they become available
The schedule does not include member contributions
Pension liability and related ratios are presented for all pension plan members

Valuation date: Actuarial determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age, normal cost
Amortization period:	20 years
Remaining amortization period:	20 years "fresh start" as of June 30, 2017
Asset valuation method:	Market value with a four-year averaging of the difference between actual and expected investment performance
Inflation:	2.00% per annum, compounded annually
Salary increases:	2% to 4%
Investment rate of return:	7.5%
Retirement age:	In the June 30, 2018 actuarial valuation, expected retirement ages of general and public employees were adjusted to more closely reflect actual experience
Mortality:	In the June 30, 2018 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2000 Healthy Lives Mortality Table, fully generational. In prior years, those assumptions were based on the Unisex Pension - 1984 Table (UP84)

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-3

SCHEDULE OF FUNDING PROGRESS

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2021

Entity Fiscal Year Ended June 30	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 4,087,636	\$ 4,333,409	\$ (245,773)	\$ 43,485,490	9.97%
2020	4,627,541	4,627,541	-	38,244,140	12.10%
2019	5,194,962	5,488,448	(293,486)	40,490,740	13.55%
2018	4,919,528	5,217,817	(298,289)	37,726,442	13.83%
2017	3,928,227	3,928,227	-	33,346,579	11.78%
2016	5,879,447	5,879,447	-	37,785,649	15.56%
2015	6,065,000	6,065,000	-	34,776,376	17.44%
2014	5,938,060	5,938,060	-	33,970,595	17.48%
2013	5,545,729	5,545,729	-	32,488,161	17.07%
2012	5,048,816	5,048,816	-	32,753,040	15.41%
2011	4,212,393	4,212,393	-	31,268,797	13.47%
2010	3,966,988	3,966,988	-	31,669,127	12.53%
2009	3,806,557	4,477,475	(670,918)	31,968,486	14.01%

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-4

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
CITY OTHER POST EMPLOYMENT BENEFITS PLAN**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 723,701	\$ 1,141,394	\$ 1,328,196	\$ 1,369,561
Interest	5,437,566	5,845,433	6,293,159	6,176,094
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(3,028,258)	(4,284,584)	(7,892,521)	(628,815)
Changes in assumptions	1,128,007	(2,246,767)	-	-
Benefit Payments	(5,528,074)	(5,423,938)	(5,599,475)	(5,029,754)
Net change in total OPEB liability	(1,267,058)	(4,968,462)	(5,870,641)	1,887,086
Total OPEB liability - beginning	74,541,217	79,509,679	85,380,320	83,493,234
Total OPEB liability - ending (a)	73,274,159	74,541,217	79,509,679	85,380,320
Plan fiduciary net position				
Contributions - employer	4,333,410	4,627,541	5,488,448	5,217,817
Contributions - employee	1,232,984	1,329,336	1,337,648	1,192,134
Net investment income	13,429,422	1,394,380	3,353,122	3,777,505
Benefit payments, including refunds of employee contributions	(5,528,074)	(5,423,938)	(5,599,475)	(5,029,754)
Administrative expense	(102,093)	(100,184)	(90,151)	(81,901)
Other	-	61,649	(31)	(503,185)
Net change in plan fiduciary net position	13,365,649	1,888,784	4,489,561	4,572,616
Plan fiduciary net position - beginning	46,819,166	44,930,382	40,440,821	35,868,205
Plan fiduciary net position - ending	\$ 60,184,815	\$ 46,819,166	\$ 44,930,382	\$ 40,440,821
Total net OPEB liability - ending	\$ 13,089,344	\$ 27,722,051	\$ 34,579,297	\$ 44,939,499
City Portion of Total net OPEB liability - ending	12,558,938	26,410,216	33,103,660	42,614,612
JMRL (Library) Portion of total net OPEB liability - ending	530,406	1,210,012	1,428,644	2,094,514
CACVB (Visitors Bureau) portion of net OPEB liability - ending	-	101,823	46,933	230,373
	\$ 13,089,344	\$ 27,722,051	\$ 34,579,237	\$ 44,939,499
Plan fiduciary net position as a percentage of total OPEB liability	82.14%	62.81%	56.51%	47.37%
Covered payroll	\$ 43,485,490	\$ 38,244,140	\$ 39,573,350	\$ 37,845,597
Net OPEB liability as a percentage of covered payroll	30.10%	72.49%	87.38%	118.74%

OPEB liability and related ratios are presented for all pension plan members

Benefit changes: No benefit changes were approved by Charlottesville City Council

Changes of assumptions: In 2018 changes were made in the following actuarial assumptions: salary increases for all employees, retirement rates for all employees, turnover rates for all employees, mortality rates for all employees and Social Security wage base and benefit increases. As of June 30, 2015 the City utilizes the entry age actuarial cost method. The unfunded liability has been amortized under a "fresh start" over 20 years as of June 30, 2017.

Rate of Return: The annual money-weighted rate of return on OPEB plan investments, net of plan investment expense, expresses investment performance adjusted for the changing amounts invested as follows:

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
28.70%	8.64%	8.18%	10.49%

The OPEB Plan participants include employees of the Jefferson Madison Regional Library (JMRL) and the Charlottesville Albemarle Convention and Visitors Bureau (CACVB). This schedule of changes in Net Pension Liability is provided for all participants.

Schedule is intended to show information for 10 years. Additional years will be included as they become available.



**CHARLOTTESVILLE SCHOOL BOARD
COMPONENT UNIT**

Required Supplementary Information

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
VIRGINIA RETIREMENT SYSTEM (VRS)
SCHOOL BOARD NON PROFESSIONAL EMPLOYEE PENSION PLAN

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 197,515	\$ 176,264	\$ 187,291	\$ 198,247	\$ 195,809	\$ 196,210	\$ 213,920
Interest	708,789	731,101	722,190	717,771	718,672	713,114	700,933
Differences between expected and actual experience	(204,159)	(301,523)	-	(51,816)	(226,626)	-	-
Changes of assumptions	-	255,338	(55,260)	(66,534)	-	(853,779)	(748,708)
Benefit payments, including refunds of employee contributions	(908,847)	(700,964)	(752,873)	(716,215)	(685,251)	-	-
Net change in total pension liability	(206,702)	160,216	101,348	81,453	2,604	55,545	166,145
Total pension liability - beginning	10,954,996	10,794,780	10,693,432	10,611,979	10,609,375	10,553,830	10,387,685
Total pension liability - ending	\$ 10,748,294	\$ 10,954,996	\$ 10,794,780	\$ 10,693,432	\$ 10,611,979	\$ 10,609,375	\$ 10,553,830
Plan fiduciary net position							
Contributions - employer	67,014	67,470	84,487	87,234	171,836	164,445	172,171
Contributions - employee	101,183	97,699	94,766	97,046	100,765	96,590	95,584
Net investment income	219,330	728,430	801,592	1,229,764	174,795	472,412	1,476,650
Benefit payments, including refunds of employee contributions	(908,847)	(700,964)	(752,873)	(716,215)	(685,251)	(732,971)	(748,708)
Administrative expense	(7,782)	(7,616)	(7,250)	(7,477)	(6,745)	(6,848)	(8,295)
Other	(246)	(457)	(698)	(1,078)	(76)	(98)	78
Net change in plan fiduciary net position	(529,348)	184,562	220,024	689,274	(244,676)	(6,470)	987,480
Plan fiduciary net position - beginning	11,436,298	11,251,736	11,031,712	10,342,438	10,587,114	10,593,584	9,606,104
Plan fiduciary net position - ending	\$ 10,906,950	\$ 11,436,298	\$ 11,251,736	\$ 11,031,712	\$ 10,342,438	\$ 10,587,114	\$ 10,593,584
Total net pension liability - beginning	\$ (481,302)	\$ (456,956)	\$ (338,280)	\$ 269,541	\$ 22,261	\$ (39,754)	\$ 781,581
Total net pension liability - ending	\$ (158,656)	\$ (481,302)	\$ (456,956)	\$ (338,280)	\$ 269,541	\$ 22,261	\$ (39,754)
Plan fiduciary net position as a percentage of total pension liability	-1.48%	-4.39%	-4.23%	-3.16%	2.54%	0.21%	-0.38%
Covered payroll	\$ 2,178,188	\$ 2,087,006	\$ 1,983,725	\$ 1,998,410	\$ 2,058,976	\$ 1,972,080	\$ 1,996,131
Net pension liability as a percentage of covered employee payroll	-7.28%	-23.06%	-23.04%	-16.93%	13.09%	1.13%	-1.99%

Schedule is intended to show information for 10 years. Since 2014 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-6

SCHEDULE OF PENSION PLAN CONTRIBUTIONS

VIRGINIA RETIREMENT SYSTEM (VRS)

SCHOOL BOARD NON PROFESSIONAL EMPLOYEE PENSION PLAN

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 50,178	\$ 67,672	\$ 68,013	\$ 89,157	\$ 191,048	\$ 277,344	\$ 265,639	\$ 169,072
Contributions in relation to actuarially determined contribution	50,178	67,672	68,013	89,157	184,280	272,601	261,035	267,755
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ 6,768	\$ 4,743	\$ 4,604	\$ (98,683)
Covered payroll	\$ 2,108,308	\$ 2,178,188	\$ 2,087,006	\$ 1,983,725	\$ 1,998,410	\$ 2,058,976	\$ 1,972,080	\$ 1,996,131
Contributions as a percentage of covered-employee payroll	2.38%	3.11%	3.26%	4.49%	9.22%	13.24%	13.24%	13.41%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

See Note 15 for detailed information on changes to mortality rates for School's pension.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-7

SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

VIRGINIA RETIREMENT SYSTEM (VRS)

SCHOOL BOARD TEACHERS COST SHARING PLAN

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School Board's proportion of the Virginia Retirement System net pension liability (asset) (%)	0.4797%	0.4832%	0.4796%	0.4804%	0.4819%	0.4783%	0.4655%
School Board's proportion of the net pension liability (asset) (\$)	69,811,858	63,312,862	56,399,000	\$ 59,082,000	\$ 67,535,000	\$ 60,198,000	\$ 56,251,000
School Board's covered payroll	\$ 42,357,768	\$ 40,460,883	38,941,499	\$ 38,057,049	\$ 36,749,269	\$ 35,536,803	\$ 24,299,798
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	164.8148%	156.4792%	144.8301%	155.2459%	183.7724%	169.3962%	231.4875%
Plan fiduciary net position as a percentage of the total pension liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. Since 2014 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-8

SCHEDULE OF PENSION PLAN CONTRIBUTIONS VIRGINIA RETIREMENT SYSTEM (VRS) SCHOOL BOARD TEACHERS COST SHARING PLAN

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 6,566,056	\$ 6,381,272	\$ 6,158,803	\$ 6,355,218	\$ 5,579,163	\$ 5,166,947	\$ 6,467,698	\$ -
Contributions in relation to actuarially determined contribution	6,566,056	6,381,272	6,158,803	6,355,218	5,579,163	5,166,168	5,156,160	3,969,047
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 779</u>	<u>\$ 1,311,538</u>	<u>\$ (3,969,047)</u>
Covered payroll	\$ 41,310,321	\$ 42,357,768	\$ 40,460,883	\$ 38,941,499	\$ 38,057,049	\$ 36,749,269	\$ 35,536,803	\$ -
Contributions as a percentage of covered payroll	15.9%	15.1%	15.2%	16.3%	14.7%	14.1%	14.5%	

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component went into effect in FY 2014. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013. Because of this was a new benefit and the number of participants was small, the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- No salary changes

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-9

SCHOOL BOARD SCHEDULE OF FUNDING PROGRESS SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS FOR THE YEAR ENDED JUNE 30, 2021

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Health Insurance Credit - Teachers					
2021	\$ 515,396	\$ 515,396	\$ -	\$ 43,490,629	1.19%
2020	\$ 508,293	\$ 508,293	\$ -	\$ 42,357,767	1.20%
2019	\$ 486,028	\$ 486,028	\$ -	\$ 40,502,306	1.20%
2018	\$ 479,003	\$ 479,003	\$ -	\$ 38,943,365	1.23%
Virginia Retirement System - Group Life Insurance - General Employees					
2021	\$ 234,561	\$ 234,561	\$ -	\$ 43,418,630	0.54%
2020	\$ 233,335	\$ 233,335	\$ -	\$ 42,357,767	0.55%
2019	\$ 223,133	\$ 223,133	\$ -	\$ 40,502,306	0.55%
2018	\$ 157,801	\$ 157,801	\$ -	\$ 38,943,365	0.41%
Local Plan - Group Life Insurance-Schools					
2021	\$ 298,000	\$ 298,000	\$ -	\$ 38,536,000	0.77%
2020	\$ 193,000	\$ 193,000	\$ -	\$ 38,356,000	0.50%
2019	\$ 128,000	\$ 128,000	\$ -	\$ 36,995,000	0.35%
2018	\$ 226,000	\$ 226,000	\$ -	\$ 36,995,000	0.61%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
SCHOOL BOARD LOCAL OPEB PLAN**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability				
Service cost	\$ 133,000	\$ 148,000	\$ 122,000	\$ 144,000
Interest	99,000	130,000	129,000	125,000
Differences between exoected and actual experience	132,000	(5,000)	(127,000)	-
Changes of assumptions	216,000	(423,000)	-	-
Benefit payments, including refunds of employee contributions	(298,000)	(193,000)	(128,000)	(226,000)
Net change in total OPEB liability	282,000	(343,000)	(4,000)	43,000
Total OPEB liability - beginning	3,192,000	3,535,000	3,539,000	3,496,000
Total OPEB liability - ending	<u>\$ 3,474,000</u>	<u>\$ 3,192,000</u>	<u>\$ 3,535,000</u>	<u>\$ 3,539,000</u>
Plan fiduciary net position				
Contributions - employer	298,000	193,000	128,000	226,000
Contributions - employee	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of employee contributions	(298,000)	(193,000)	(128,000)	(226,000)
Administrative expense	-	-	-	-
Other	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total net OPEB liability - beginning	<u>\$ 3,192,000</u>	<u>\$ 3,535,000</u>	<u>\$ 3,539,000</u>	<u>\$ 3,539,000</u>
Total net OPEB liability - ending	<u>\$ 3,474,000</u>	<u>\$ 3,192,000</u>	<u>\$ 3,535,000</u>	<u>\$ 3,539,000</u>
Plan fiduciary net position as a percentage of total OPEB liability	100.00%	100.00%	100.00%	100.00%
Covered-employee payroll	\$ 38,536,000	\$ 38,536,000	\$ 36,995,000	\$ 36,995,000
Net OPEB liability as a percentage of covered-employee payroll	9.01%	8.28%	9.56%	9.57%

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-11

SCHOOL BOARD SCHEDULE OF FUNDING PROGRESS SCHEDULE OF EMPLOYER PROPORTIONATE SHARE FOR OPEB PLANS FOR THE YEAR ENDED JUNE 30, 2021

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Health Insurance Credit - Teachers / Non-Teachers					
2021	0.46710%	\$ 6,505,623	\$ 43,490,629	14.96%	9.95%
2020	0.48316%	\$ 6,321,000	\$ 42,357,767	14.92%	8.97%
2019	0.48105%	\$ 6,113,000	\$ 40,502,306	15.09%	9.51%
2018	0.48208%	\$ 6,116,000	\$ 38,943,365	15.70%	7.04%
Virginia Retirement System - Group Life Insurance - General Employees					
2021	0.46536%	\$ 3,611,194	\$ 41,310,321	8.74%	52.64%
2020	0.48172%	\$ 3,535,000	\$ 42,357,767	8.35%	52.00%
2019	0.20480%	\$ 3,269,000	\$ 40,502,306	8.07%	51.22%
2018	0.20628%	\$ 3,268,000	\$ 38,943,365	8.39%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.



SUPPLEMENTARY SECTION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amount		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Fees and permits	\$ -	\$ -	\$ 31,157	\$ 31,157
Intergovernmental	48,286,364	68,123,467	5,658,783	(62,464,684)
Charges for services	-	-	195,311	195,311
Miscellaneous	-	30,527	119,611	89,085
Total revenues	48,286,364	68,153,994	6,004,862	(62,149,131)
EXPENDITURES				
Current:				
General government	29,252,392	31,791,030	8,466,697	23,324,332
Public safety	1,403,775	1,585,903	759,287	826,617
Community services	4,845,716	4,755,876	3,064,370	1,691,506
Health and welfare	409,839	409,839	-	409,839
Parks, recreation and culture	9,115,390	9,192,433	948,313	8,244,120
Education	7,816,284	7,816,284	3,206,753	4,609,531
Conservation and development	120,255,462	139,593,776	21,026,348	118,567,428
Capital outlay	-	-	7,022,901	(7,022,901)
Total expenditures - budgetary basis	173,098,858	195,145,141	44,494,669	150,650,472
Less open encumbrances at June 30	-	-	(24,154,897)	24,154,897
Total expenditures	173,098,858	195,145,141	20,339,772	174,805,369
Revenues over (under) expenditures	(124,812,494)	(126,991,147)	(14,334,910)	(112,656,237)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,193,750	5,233,205	4,994,660	(238,545)
Transfers out	-	-	(107,021)	(107,021)
Issuance of debt	23,861,092	23,861,092	20,961,923	(2,899,169)
Premium on issuance of debt	-	-	3,643,188	3,643,188
Total other financing sources (uses), net	25,054,842	29,094,297	29,492,750	398,453
Net change in fund balance	(99,757,652)	(97,896,850)	15,157,840	(113,054,690)
FUND BALANCE July 1, 2020	7,003,673	7,003,673	7,003,673	-
FUND BALANCE June 30, 2021	<u>\$ (92,753,979)</u>	<u>\$ (90,893,177)</u>	<u>\$ 22,161,513</u>	<u>\$ (113,054,690)</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 136,647	\$ 129,129	\$ 129,129	\$ -
Investment earnings	-	15,954	15,954	-
Total revenues	136,647	145,083	145,083	-
EXPENDITURES				
General government	-	2,505,125	269,609	2,235,516
Retirement of principle	7,280,278	11,742,479	7,280,278	4,462,201
Interest	2,936,805	3,211,480	3,134,902	76,577
Total expenditures - budgetary basis	10,217,083	17,459,084	10,684,789	6,774,294
Less open encumbrances at June 30	-	-	-	-
Total expenditures	10,217,083	17,459,084	10,684,789	6,774,294
Revenue over (under) expenditures	(10,080,436)	(17,314,001)	(10,539,706)	6,774,294
OTHER FINANCING SOURCES (USES)				
Transfers in	11,013,359	10,354,393	10,354,393	-
Issuance of debt	-	6,777,613	4,538,777	(2,238,836)
Payment to refunding bond escrow agent	-	-	(4,538,777)	(4,538,777)
Total other financing sources (uses), net	11,013,359	17,132,006	10,354,393	(6,777,613)
Net change in fund balance	932,923	(181,995)	(185,313)	(3,319)
FUND BALANCE July 1, 2020	13,410,789	13,410,789	13,410,789	-
FUND BALANCE June 30, 2021	\$ 14,343,712	\$ 13,228,794	\$ 13,225,476	\$ (3,319)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report specific revenues that are legally restricted, committed, or assigned to expenditure for particular purposes other than debt service or capital projects. The City has established the following nonmajor special revenue funds:

Community Development Block Grant (CDBG) Fund – to account for funds provided by U. S. Housing and Urban Development (HUD) for low-income housing and assistance projects. Included are repayments of CDBG program loans that are re-programmed for the same purpose.

Grants Fund – to account for revenues and expenditures restricted for specific grants awarded to the City by federal and state government, or local public or private agencies that are not accounted for or reported in another fund. This includes a new fund to account for federal CARES Act funds received from the state.

Human Services Fund – to account for services which promote the healthy development and stability of at-risk youth and families, in addition to residential and community-based services which advocate for the needs of youth and their families, assist the local community in preventing juvenile delinquency and family disintegration, and promote the rehabilitation of youth. This fund was previously called Community Attention.

Virginia Juvenile Community Crime Control Act (VJCCCA) Fund – to account for grant funds provided by the Virginia Department of Juvenile Justice aimed to deter crime by providing immediate, effective punishment that emphasizes accountability of the juvenile offender for his/her actions as well as reduce the pattern of repeat offending. Albemarle County also participates in this grant.

Children's Services Act (CSA) Fund – to account for the City's portion of the activities of the multi-jurisdictional CSA Team, which provides high quality, child centered, family focused, services to high-risk youth and their families. This program was previously call Comprehensive Services Act.

Transit Fund – to account for the operations and capital purchases of Charlottesville Area Transit (CAT), which provides fixed-route public bus service to the City and urban portions of Albemarle County. The City contracts with JAUNT to provide required Americans with Disabilities Act (ADA) paratransit service that fixed-route buses are unable to accommodate. Federal pass-thru revenues and expenses of JAUNT are separately accounted for within the Transit Fund.

PERMANENT FUND

Permanent funds are restricted to the extent that only earnings, and not principal, may be used for the benefit of the government and its citizenry.

Cemetery Perpetual Care Permanent Fund – This fund is used to account for principal trust amounts received, and related interest income. The interest portion of the trust may be used to maintain the two (2) City owned cemeteries within City limits.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT J

COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AS OF JUNE 30, 2021

	Special Revenue Funds						Permanent Fund	Totals
	CDBG	Grants	Human Services	VJCCCA	CSA	Transit	Cemetery Perpetual Care	
ASSETS								
Cash, cash equivalents and investments	\$ -	\$ 9,892,125	\$ 114,849	\$ 148,284	\$ -	\$ -	\$ 162,382	\$ 10,317,640
Accounts receivable, net	-	-	79	-	1,041	8,002	120	9,242
Due from other governments	196,050	1,112,467	647,139	-	2,773,542	3,701,760	-	8,430,958
Loans receivable	737,378	1,110,562	-	-	-	-	-	1,847,940
Total assets	<u>\$ 933,428</u>	<u>\$ 12,115,154</u>	<u>\$ 762,067</u>	<u>\$ 148,284</u>	<u>\$ 2,774,583</u>	<u>\$ 3,709,762</u>	<u>\$ 162,502</u>	<u>\$ 20,605,780</u>
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$ -	\$ 219,008	\$ 170,200	\$ -	\$ -	\$ 270,385	\$ -	\$ 659,593
Accrued liabilities	3,877	89,358	147,619	2,816	916,656	1,859,135	-	3,019,461
Due to other governments	737,378	1,110,561	-	145,468	-	-	-	1,993,407
Due to other funds	188,966	593,024	-	-	1,641,221	1,544,560	-	3,967,771
Unearned revenue-other	3,207	9,824,101	-	-	-	35,682	-	9,862,990
Total liabilities	<u>933,428</u>	<u>11,836,052</u>	<u>317,819</u>	<u>148,284</u>	<u>2,557,877</u>	<u>3,709,762</u>	<u>-</u>	<u>19,503,222</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	162,502	162,502
Restricted	-	279,102	-	-	216,706	-	-	495,808
Assigned	-	-	444,248	-	-	-	-	444,248
Total fund balance	<u>-</u>	<u>279,102</u>	<u>444,248</u>	<u>-</u>	<u>216,706</u>	<u>-</u>	<u>162,502</u>	<u>1,102,558</u>
Total liabilities and fund balance	<u>\$ 933,428</u>	<u>\$ 12,115,154</u>	<u>\$ 762,067</u>	<u>\$ 148,284</u>	<u>\$ 2,774,583</u>	<u>\$ 3,709,762</u>	<u>\$ 162,502</u>	<u>\$ 20,605,780</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds						Permanent Fund	Total
	CDBG	Grants	Human Services	VJCCCA	CSA	Transit	Cemetery Perpetual	
REVENUES								
Intergovernmental	\$ 845,337	\$ 11,835,021	\$ -	\$ 198,821	\$ 5,461,037	\$ 8,106,920	\$ -	\$ 26,447,136
Charges for services	-	-	4,526,067	-	-	22,369	-	4,548,436
Investment earnings	-	7,058	-	-	-	-	951	8,009
Miscellaneous	74	280,115	-	-	-	27,873	-	308,062
Total revenues	<u>845,411</u>	<u>12,122,194</u>	<u>4,526,067</u>	<u>198,821</u>	<u>5,461,037</u>	<u>8,157,162</u>	<u>951</u>	<u>31,311,643</u>
EXPENDITURES								
General government	-	4,374,611	-	-	-	-	-	4,374,611
Public safety	-	1,277,998	-	-	-	-	-	1,277,998
Community services	-	-	-	-	-	10,686,799	-	10,686,799
Health and welfare	522,418	4,321,612	5,441,407	307,236	6,797,302	-	-	17,389,975
Parks, recreation and culture	-	43,090	-	-	-	-	951	44,041
Conservation and development	322,993	2,007,941	-	-	-	-	-	2,330,934
Capital outlay	-	227,441	-	-	-	35,528	-	262,969
Total expenditures	<u>845,411</u>	<u>12,252,693</u>	<u>5,441,407</u>	<u>307,236</u>	<u>6,797,302</u>	<u>10,722,327</u>	<u>951</u>	<u>36,367,327</u>
Revenues over (under) expenditures	-	(130,499)	(915,340)	(108,415)	(1,336,265)	(2,565,165)	-	(5,055,684)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	176,267	641,280	108,415	1,494,010	2,565,165	-	4,985,137
Transfers out	-	-	(53,541)	-	-	-	-	(53,541)
Total other financing sources, net	<u>-</u>	<u>176,267</u>	<u>587,739</u>	<u>108,415</u>	<u>1,494,010</u>	<u>2,565,165</u>	<u>-</u>	<u>4,931,596</u>
Net change in fund balance	-	45,768	(327,601)	-	157,745	-	-	(124,088)
FUND BALANCE - JULY 1, 2020	<u>-</u>	<u>233,334</u>	<u>771,849</u>	<u>-</u>	<u>58,961</u>	<u>-</u>	<u>162,502</u>	<u>1,226,646</u>
FUND BALANCE - JUNE 30, 2021	<u>\$ -</u>	<u>\$ 279,102</u>	<u>\$ 444,248</u>	<u>\$ -</u>	<u>\$ 216,706</u>	<u>\$ -</u>	<u>\$ 162,502</u>	<u>\$ 1,102,558</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,201,985	\$ 1,537,009	\$ 845,337	\$ (691,672)
Miscellaneous	-	-	74	74
Total revenues	<u>1,201,985</u>	<u>1,537,009</u>	<u>845,411</u>	<u>(691,598)</u>
EXPENDITURES				
Current:				
Conservation and development	1,039,413	730,364	455,212	275,152
Health and welfare	68,355	958,801	666,249	292,522
Total expenditures - budgetary basis	<u>1,107,768</u>	<u>1,689,165</u>	<u>1,121,461</u>	<u>567,674</u>
Less open encumbrances at June 30	-	-	(276,050)	(276,050)
Total expenditures	<u>1,107,768</u>	<u>1,689,165</u>	<u>845,411</u>	<u>843,754</u>
Revenues over (under) expenditures	94,217	(152,156)	-	(152,156)
Net change in fund balance	94,217	(152,156)	-	(152,156)
FUND BALANCE - JULY 1, 2020	-	-	-	-
FUND BALANCE - JUNE 30, 2021	<u>\$ 94,217</u>	<u>\$ (152,156)</u>	<u>\$ -</u>	<u>\$ (152,156)</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS FUND**

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental	\$ 5,239,539	\$ 16,751,686	\$ 11,835,020	\$ (4,916,666)
Investment earnings	-	8,435	7,058	(1,377)
Miscellaneous	77,285	525,134	280,116	(245,019)
Total revenues	5,316,824	17,285,255	12,122,194	(5,163,062)
EXPENDITURES				
Current:				
General government	2,921,047	4,761,237	4,377,611	383,626
Public safety	330,079	4,996,944	1,337,957	3,658,987
Health and welfare	1,230,605	5,378,947	5,081,284	306,663
Parks, recreation and culture	31,028	106,028	43,090	62,938
Conservation and development	1,070,693	2,397,893	2,057,868	340,025
Capital outlay	-	62,889	277,391	(214,502)
Total expenditures - - budgetary basis	5,583,452	17,703,938	13,175,201	4,752,239
Less open encumbrances at June 30	-	-	(922,508)	(922,508)
Total expenditures	5,583,452	17,703,938	12,252,693	5,451,245
Revenues over (under) expenditures	(266,628)	(418,683)	(130,499)	288,184
OTHER FINANCING SOURCES (USES)				
Transfers in	84,546	274,064	176,267	(97,797)
Total other financing sources (uses), net	84,546	274,064	176,267	(97,797)
Net change in fund balance	(182,082)	(144,619)	45,768	190,387
FUND BALANCE - JULY 1, 2020	233,334	\$ 233,334	233,334	-
FUND BALANCE - JUNE 30, 2021	\$ 51,252	\$ 88,715	\$ 279,102	\$ 190,387

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HUMAN SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 8,000	\$ 8,000	\$ -	\$ (8,000)
Charges for services	5,972,245	5,972,245	4,526,067	(1,446,178)
Miscellaneous	10,384	10,384	-	(10,384)
Total revenues	5,990,629	5,990,629	4,526,067	(1,464,562)
EXPENDITURES				
Current:				
Health and welfare	6,796,614	6,796,614	5,454,007	1,306,181
Capital outlay	-	-	37,413	(37,413)
Total expenditures - budgetary basis	6,796,614	6,796,614	5,491,420	1,306,181
Less open encumbrances at June 30	-	-	(50,013)	(50,013)
Total expenditures	6,796,614	6,796,614	5,441,407	1,356,194
Revenues over (under) expenditures	(805,985)	(805,985)	(915,340)	(108,368)
OTHER FINANCING SOURCES (USES)				
Transfers in	793,385	793,385	641,280	(152,105)
Transfers out	-	(48,149)	(53,541)	(5,392)
Total other financing sources (uses), net	793,385	745,236	587,739	(157,497)
Net change in fund balance	(12,600)	(60,749)	(327,601)	(265,865)
FUND BALANCE - JULY 1, 2020	771,849	771,849	771,849	-
FUND BALANCE - JUNE 30, 2021	<u>\$ 759,249</u>	<u>\$ 711,100</u>	<u>\$ 444,248</u>	<u>\$ 266,852</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
VJCCCA GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 344,289	\$ 198,821	\$ (145,468)
Total revenues	-	344,289	198,821	(145,468)
EXPENDITURES				
Current:				
Health and welfare	-	452,704	307,236	145,468
Total expenditures - budgetary basis	\$ -	\$ 452,704	\$ 307,236	\$ 145,468
Less open encumbrances at June 30	-	-	-	-
Total expenditures	-	452,704	307,236	145,468
Revenues over (under) expenditures	-	(108,415)	(108,415)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	108,415	108,415	-
Total other financing sources (uses), net	-	108,415	108,415	-
Net change in fund balance	-	-	-	-
FUND BALANCE - JULY 1, 2020	-	-	-	-
FUND BALANCE - JUNE 30, 2021	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CHILDREN'S SERVICES ACT FUND
FOR THE YEAR ENDED JUNE 30,2021**

	Budget Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,440,142	\$ 6,440,142	\$ 5,461,037	\$ (979,105)
Total revenues	6,440,142	6,440,142	5,461,037	(979,105)
EXPENDITURES				
Current:				
Health and welfare	8,444,864	8,444,864	6,797,302	1,647,562
Total expenditures - budgetary basis	8,444,864	8,444,864	6,797,302	1,647,562
Less open encumbrances at June 30	-	-	-	-
Total expenditures	8,444,864	8,444,864	6,797,302	1,647,562
Revenues over (under) expenditures	(2,004,722)	(2,004,722)	(1,336,265)	668,457
OTHER FINANCING SOURCES (USES)				
Transfers in	2,004,722	2,004,722	1,494,010	(510,712)
Total other financing sources (uses), net	2,004,722	2,004,722	1,494,010	(510,712)
Net change in fund balance	-	-	157,745	157,745
FUND BALANCE - JULY 1, 2020	58,961	58,961	58,961	-
FUND BALANCE - JUNE 30, 2021	<u>\$ 58,961</u>	<u>\$ 58,961</u>	<u>\$ 216,706</u>	<u>\$ 157,745</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TRANSIT FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 12,774,608	\$ 13,039,633	\$ 8,106,920	\$ (4,932,713)
Charges for services	411,624	411,624	22,369	(389,255)
Miscellaneous	45,122	45,122	27,873	(17,249)
Total revenues	13,231,354	13,496,379	8,157,162	(5,339,217)
EXPENDITURES				
Current:				
Community services	16,379,648	16,644,673	11,031,876	5,162,797
Capital outlay	-	-	35,528	(63,910)
Total expenditures - budgetary basis	16,379,648	16,644,673	11,067,404	5,098,887
Less open encumbrances at June 30	-	-	(345,077)	(345,077)
Total expenditures	16,379,648	16,644,673	10,722,327	4,753,810
Revenues over (under) expenditures	(3,148,294)	(3,148,294)	(2,565,165)	(583,129)
OTHER FINANCING SOURCES (U)				
Transfers in	3,120,578	3,120,578	2,565,165	558,577
Total other financing sources (uses), net	3,120,578	3,120,578	2,565,165	558,577
Net change in fund balance	(27,716)	(27,716)	-	(27,716)
FUND BALANCE - JULY 1, 2020	-	-	-	-
FUND BALANCE - JUNE 30, 2021	\$ (27,716)	\$ (27,716)	\$ -	\$ (27,716)

INTERNAL SERVICE FUNDS

Internal service funds are used to account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Information Technology Fund – to account for the costs of operations of the City's information technology department.

Departmental Services Fund – to account for the costs of operations of the City's vehicle repair shop, fuel system, telephone system, and heating and air conditioning services.

Warehouse Fund – to account for the costs of operations of the City's central warehouse.

Risk Management Fund – to account for the administration of the City's programs for general liability, property and line of duty insurance coverage. To account for the administration of the City's self-insurance programs for health care, worker's compensation.

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**
JUNE 30, 2021

	Information Technology	Departmental Services	Warehouse	Risk Management	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 5,783,078	\$ 209,808	\$ 41,422	\$ 16,420,754	\$ 22,455,062
Accounts receivable, net	-	-	77,909	30,000	107,909
Inventories	-	167,226	603,819	-	771,045
Prepaid expenses	-	-	-	110,936	110,936
Total current assets	<u>5,783,078</u>	<u>377,034</u>	<u>723,150</u>	<u>16,561,690</u>	<u>23,444,952</u>
Noncurrent assets:					
Buildings and improvements	-	48,364	-	-	48,364
Vehicles	-	25,200	-	-	25,200
Equipment	9,876,175	320,520	20,067	-	10,216,762
Accumulated depreciation	(9,195,193)	(356,898)	(19,733)	-	(9,571,824)
Total noncurrent assets	<u>680,982</u>	<u>37,186</u>	<u>334</u>	<u>-</u>	<u>718,502</u>
Total assets	<u>6,464,060</u>	<u>414,220</u>	<u>723,484</u>	<u>16,561,690</u>	<u>24,163,454</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges-pension	251,335	273,371	41,945	47,355	614,006
Deferred charges-OPEB	2,242	63,278	10,683	12,843	89,046
Total deferred outflows of resources	<u>253,577</u>	<u>336,649</u>	<u>52,628</u>	<u>60,198</u>	<u>703,052</u>
LIABILITIES					
Current liabilities:					
Accounts payable	11,037	127,653	87,668	65,806	292,164
Accrued liabilities	5,897	61,377	6,574	3,109,552	3,183,400
Due to other funds	-	1,050,235	-	-	1,050,235
Liabilities due in less than one year	935	6,503	529	1,738	9,705
Total current liabilities	<u>17,869</u>	<u>1,245,768</u>	<u>94,771</u>	<u>3,177,096</u>	<u>4,535,504</u>
Noncurrent liabilities:					
Liabilities due in more than one year	6,859	47,692	3,882	12,745	71,178
Net pension liability	1,530,122	1,104,881	152,435	49,612	2,837,050
Net OPEB liability	893,157	325,718	41,455	42,463	1,302,793
Total noncurrent liabilities	<u>2,430,138</u>	<u>1,478,291</u>	<u>197,772</u>	<u>104,820</u>	<u>4,211,021</u>
Total liabilities	<u>2,448,007</u>	<u>2,724,059</u>	<u>292,543</u>	<u>3,281,916</u>	<u>8,746,525</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred charges-pension	119,384	37,076	4,647	2,608	163,715
Deferred charges-OPEB	54,834	135,357	23,965	19,069	233,225
Total deferred inflows of resources	<u>174,218</u>	<u>172,433</u>	<u>28,612</u>	<u>21,677</u>	<u>396,940</u>
NET POSITION					
Net investment in capital assets	680,982	37,187	334	-	718,503
Unrestricted	3,414,430	(2,182,809)	454,622	13,318,295	15,004,538
Total net position	<u>\$ 4,095,412</u>	<u>\$ (2,145,622)</u>	<u>\$ 454,956</u>	<u>\$ 13,318,295</u>	<u>\$ 15,723,041</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS

JUNE 30, 2021

	Information Technology	Departmental Services	Warehouse	Risk Management	Total
OPERATING REVENUES					
Charges for services	\$ 1,386,383	\$ 2,147,798	\$ 933,790	\$ 19,520,867	\$ 23,988,838
Total operating revenues	<u>1,386,383</u>	<u>2,147,798</u>	<u>933,790</u>	<u>19,520,867</u>	<u>23,988,838</u>
OPERATING EXPENSES					
Purchases for resale	-	718,352	783,139	-	1,501,491
Personnel costs	118,067	1,008,076	108,285	298,399	1,532,827
Materials and supplies	472,282	138,534	2,175	1,512	614,503
Contractual services and charges	214,287	723,163	32,368	484,577	1,454,395
Depreciation	184,723	16,473	2,007	-	203,203
Claims incurred	-	-	-	15,314,079	15,314,079
Insurance premiums	-	-	-	3,333,616	3,333,616
Total operating expenses	<u>989,359</u>	<u>2,604,598</u>	<u>927,974</u>	<u>19,432,183</u>	<u>23,954,114</u>
Operating income (loss)	<u>397,024</u>	<u>(456,800)</u>	<u>5,816</u>	<u>88,684</u>	<u>34,724</u>
NONOPERATING REVENUES					
Interest income	-	-	-	21,885	21,885
Insurance recovery	-	-	-	59,364	59,364
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,249</u>	<u>81,249</u>
Profit/(Loss) before transfers	<u>397,024</u>	<u>(456,800)</u>	<u>5,816</u>	<u>169,933</u>	<u>115,973</u>
Change in net position	<u>397,024</u>	<u>(456,800)</u>	<u>5,816</u>	<u>169,933</u>	<u>115,973</u>
Total net position - July 1, 2019	<u>3,698,388</u>	<u>(1,688,822)</u>	<u>449,140</u>	<u>13,148,362</u>	<u>15,607,068</u>
Total net position - June 30, 2020	<u>\$ 4,095,412</u>	<u>\$ (2,145,622)</u>	<u>\$ 454,956</u>	<u>\$ 13,318,295</u>	<u>\$ 15,723,041</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**
JUNE 30, 2021

	<u>Information Technology</u>	<u>Departmental Services</u>	<u>Warehouse</u>	<u>Risk Management</u>	<u>Total</u>
OPERATING ACTIVITIES					
Receipts from customers	\$ 1,386,383	\$ 2,147,798	\$ 875,066	\$ 19,490,867	\$ 23,900,114
Payments to suppliers	(807,694)	(1,090,265)	(740,689)	(19,094,537)	(21,733,185)
Payments to employees	(117,610)	(1,025,271)	(109,857)	(188,023)	(1,440,761)
Net cash provided by (used in) operating activities	<u>461,079</u>	<u>32,262</u>	<u>24,520</u>	<u>208,307</u>	<u>726,168</u>
NONCAPITAL FINANCING ACTIVITIES					
Insurance recovery	-	-	-	59,364	59,364
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,364</u>	<u>59,364</u>
CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(50,322)	(1,899)	-	-	(52,221)
Net cash provided by (used in) capital and related financing activities	<u>(50,322)</u>	<u>(1,899)</u>	<u>-</u>	<u>-</u>	<u>(52,221)</u>
INVESTING ACTIVITIES					
Interest on investments	-	-	-	21,885	21,885
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,885</u>	<u>21,885</u>
Net increase (decrease) in cash and cash equivalents	410,757	30,363	24,520	289,556	755,196
Balances - July 1, 2020	5,372,320	184,345	16,900	16,131,198	21,704,763
Balances - June 30, 2021	<u>\$ 5,783,078</u>	<u>\$ 209,808</u>	<u>\$ 41,422</u>	<u>\$ 16,420,754</u>	<u>\$ 22,455,062</u>
Reconciliation of operating income (loss) to net cash used in operating activities					
Operating Income (Loss)	397,024	(456,800)	5,816	88,684	34,724
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	184,723	16,473	2,007	-	203,203
(Increase) decrease in accounts receivable	-	-	(58,724)	(30,000)	(88,724)
(Increase) decrease in inventories	-	(43,676)	9,855	-	(33,821)
Increase (decrease) in accounts payable	(121,125)	533,461	67,139	(222,331)	257,144
Increase (decrease) in accrued liabilities	457	3,392	(570)	8,701	11,980
Increase (decrease) in compensated absences	-	6,977	(146)	12,180	19,011
Increase (decrease) in insurance claims payable	-	-	-	372,178	372,178
Net pension liability change for measurement year	-	20,481	6,995	(10,185)	17,291
Net OPEB liability change for measurement year	-	(48,046)	(7,852)	(10,920)	(66,818)
Net cash provided by (used in) operating activities	<u>\$ 461,079</u>	<u>\$ 32,262</u>	<u>\$ 24,520</u>	<u>\$ 208,307</u>	<u>\$ 726,168</u>



**CHARLOTTESVILLE SCHOOL BOARD
COMPONENT UNIT**

Financial Statements

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT M-1

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 14,112,010
Accounts receivable, net	218,765
Due from other governments	4,467,242
Inventories	12,563
Net pension asset	158,656
Capital assets:	
Land	982,889
Depreciable assets, net	20,031,847
	<hr/>
Total assets	39,983,972
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges - pension	17,324,509
Deferred charges - OPEB	2,092,432
Total deferred outflows of resources	19,416,941
	<hr/>
LIABILITIES	
Accounts payable	2,276,832
Accrued liabilities	5,848,228
Due to other governments	587,252
Unearned revenue	131,356
Long-term liabilities:	
Amounts due within one year	353,309
Amounts due in more than one year	2,590,936
Net pension liability	69,811,858
Net OPEB liability	13,590,817
	<hr/>
Total liabilities	95,190,588
	<hr/>
DEFERRED INFLOWS OF RESOURCES	
Deferred credits - pension	4,637,718
Deferred credits - OPEB	744,653
Total deferred inflows of resources	5,382,371
	<hr/>
NET POSITION	
Net investment in capital assets	21,014,736
Restricted	5,441,247
Unrestricted	(67,628,029)
	<hr/>
Total net position	\$ (41,172,046)
	<hr/>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction and instruction related services	\$ 63,209,323	\$ 1,828,460	\$ 10,450,071	\$ -
Support services - student based	10,767,510	256,106	-	-
Administrative support services	5,741,864	204,580	-	-
Total School Board	<u>\$ 79,718,697</u>	<u>\$ 2,289,146</u>	<u>\$ 10,450,071</u>	<u>\$ -</u>
General Revenues:				
State aid - formula grants				16,934,356
Payment from City				<u>51,786,313</u>
Total general revenues				<u>68,720,669</u>
Change in net position				1,741,189
Total Net Position - July 1, 2020 - Includes prior period adj GASB 84				<u>(42,913,235)</u>
Net position - June 30, 2021				<u>\$ (41,172,046)</u>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Grant and Other Governmental Funds	Total
ASSETS			
Cash and cash equivalents	\$ 6,664,849	\$ 3,507,014	\$ 10,171,863
Accounts receivable, net	74,011	142,776	216,787
Due from other governments	1,438,529	3,028,713	4,467,242
Inventory of supplies	-	12,563	12,563
Total assets	<u>\$ 8,177,389</u>	<u>\$ 6,691,066</u>	<u>\$ 14,868,455</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,718,488	\$ 558,344	\$ 2,276,832
Accrued liabilities	4,604,607	668,147	5,272,754
Due to other governments	587,252	-	587,252
Unearned revenue	108,028	23,328	131,356
Total liabilities	<u>7,018,375</u>	<u>1,249,819</u>	<u>8,268,195</u>
Fund Balance			
Nonspendable	-	12,563	12,563
Restricted	-	5,428,684	5,428,684
Unassigned	1,159,014	-	1,159,014
Total fund balances	<u>1,159,014</u>	<u>5,441,247</u>	<u>6,600,261</u>
Total liabilities and fund balances	<u>\$ 8,177,389</u>	<u>\$ 6,691,066</u>	<u>\$ 14,868,456</u>
Total fund balances per Balance Sheet for Governmental Funds			\$ 6,600,261
Amounts reported for governmental activities in the Statement of Net Position (Exhibit M-1) are different because:			
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The Statement of Net Position, however, includes these assets, net of accumulated depreciation.			21,014,736
Other long-term assets are not available to pay current-period expenditures and therefore are deferred in the governmental funds are not included in the fund balance.			
Net deferred inflow and outflows of resources for pension changes			12,686,791
Net deferred inflow and outflows of resources for OPEB changes			1,347,779
Internal service funds are used by management to charge the cost of certain activities. The assets and liabilities of the Healthcare Fund are included in governmental activities in the Statement of Net Position.			
Internal Service Fund net position			3,366,653
Some liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities are included in the Statement of Net Position			
Compensated absences			(2,944,247)
Net pension liability			(69,653,202)
Net OPEB liability			<u>(13,590,817)</u>
Net position of governmental activities			<u>\$ (41,172,046)</u>

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Grant and Other Governmental Funds	Totals
REVENUES			
City contribution (net of contractual services)	\$ 48,902,837	\$ 2,883,476	\$ 51,786,313
Intergovernmental	16,934,356	10,450,071	27,384,427
Charges for services	256,108	60,121	316,229
Miscellaneous	204,578	1,768,339	1,972,917
Total revenues	66,297,879	15,162,007	81,459,886
EXPENDITURES			
Current:			
Instruction and instruction related services	53,587,365	8,740,149	62,327,514
Support services - student based	6,955,075	3,636,812	10,591,887
Administrative support services	5,368,189	-	5,368,189
Debt Service:			
Principal	-	272,316	272,316
Interest	-	11,684	11,684
Total expenditures	65,910,629	12,660,961	78,571,590
REVENUES OVER EXPENDITURES	387,250	2,501,046	2,888,296
Net change in fund balance	387,250	2,501,046	2,888,296
FUND BALANCE - JULY 1, 2020 as Restated	771,764	2,940,201	3,711,965
FUND BALANCE - JUNE 30, 2021	\$ 1,159,014	\$ 5,441,247	\$ 6,600,261
Net change in fund balances - total governmental funds			\$ 2,888,296
Amounts reported for governmental activities in the Statement of Activities (M-2) are different because:			
Governmental funds report the cost of equipment and facilities acquired as current expenditures while the Statement of Activities reports depreciation expense to allocate those expenditures over the life of the assets.			
Cost of equipment and facilities capitalized for the year (net of disposals)			347,482
Depreciation expense			(1,596,540)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position			
Loss on disposal of assets			(24,538)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.			
Change in compensated absences			341,915
Change in pension outflows and inflows			5,278,856
Change in OPEB outflows and inflows			610,223
Change in net pension liability			(6,821,642)
Change in net OPEB liability			(542,817)
Governmental funds report the proceeds from the issuance of capital leases as revenue, while the government-wide statements report this as a liability. In addition, the principal payments in the lease are not reflected as an expense on the statement of activities.			
			409,819
The net income of internal service funds is combined with governmental activities on the Statement of Activities			
			850,135
Change in net position of governmental activities			<u>\$ 1,741,189</u>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
JUNE 30, 2021

	Healthcare
ASSETS	
Cash and cash equivalents	\$ 3,940,149
Accounts receivable, net	<u>1,978</u>
Total assets	<u>3,942,127</u>
ACCRUED LIABILITIES	
Insurance claims payable	574,946
Accrued liabilities	<u>528</u>
Total liabilities	<u>575,474</u>
NET POSITION	
Unrestricted	<u>3,366,653</u>
Total net position	<u><u>\$ 3,366,653</u></u>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Healthcare</u>
OPERATING REVENUES	
Charges for services	\$ 9,329,411
Total operating revenues	<u>9,329,411</u>
 OPERATING EXPENSES	
Claims incurred and related charges	<u>8,479,276</u>
Total operating expenses	<u>8,479,276</u>
 Operating income	<u>850,135</u>
 Change in net position	850,135
 Total net position - July 1, 2020 as Restated	<u>2,516,518</u>
Total net position - June 30, 2021	<u><u>\$ 3,366,653</u></u>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Healthcare</u>
OPERATING ACTIVITIES	
Receipts from customers	\$ 9,328,124
Payments to suppliers	<u>(8,457,146)</u>
Net cash provided by operating activities	<u>870,978</u>
Net increase in cash and cash equivalents	870,978
Cash and cash equivalents, July 1, 2020, as Restated	<u>3,069,168</u>
Cash and cash equivalents, June 30, 2021	<u><u>\$ 3,940,146</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 850,135
Adjustments to reconcile operating income to net	
Decrease in accounts receivables	(1,285)
Increase in insurance claims payable	22,255
Decrease in accrued liabilities	<u>(127)</u>
Net cash provided by operating activities	<u><u>\$ 870,978</u></u>



STATISTICAL SECTION

STATISTICAL SECTION

This section of the City of Charlottesville's Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City of Charlottesville's overall financial health.

Contents

Financial Trends

Tables 1 - 4

These schedules show comparative information about how the City's financial performance has changed over time.

Revenue Capacity

Tables 5 - 10

These schedules show the City's significant local revenue sources and how they have changed over time.

Debt Capacity

Tables 11 - 14

These schedules demonstrate the affordability of the City's outstanding debt along with the City's ability to issue additional debt in the future.

Economic and Demographic Information

Tables 15 - 17

These schedules show the some of the economic and demographic trends that affect the financial health of the City.

Operating Information

Tables 18 - 20

These schedules contain service and infrastructure data to show some of the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in this section is derived from the City's Annual Financial Reports for the relevant year.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 1

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities:										
Net investment in capital assets	\$ 148,423,736	\$ 156,302,696	\$ 150,327,831	\$ 147,349,262	\$ 129,422,307	\$ 138,310,542	\$ 132,554,513	\$ 139,313,423	\$ 105,462,444	\$ 122,164,890
Restricted For:										
Expendable	-	-	-	340,099	378,342	1,097,425	2,200,311	2,441,436	2,191,647	6,402,164
Nonexpendable	1,109,033	961,814	668,533	184,504	5,663,251	4,891,126	162,501	162,501	162,501	162,501
Unrestricted	138,014	(11,771,787)	(6,781,306)	(10,616,958)	34,145,789	11,167,288	23,465,667	67,085,400	85,110,590	60,401,741
Total governmental activities net position	<u>\$ 149,670,783</u>	<u>\$ 145,492,723</u>	<u>\$ 144,215,058</u>	<u>\$ 137,256,907</u>	<u>\$ 169,609,689</u>	<u>\$ 155,466,381</u>	<u>\$ 158,382,992</u>	<u>\$ 209,002,760</u>	<u>\$ 192,927,182</u>	<u>\$ 189,131,296</u>
Business-type activities:										
Net investment in capital assets	\$ 45,218,630	\$ 49,896,266	\$ 43,208,912	\$ 41,719,356	\$ 33,246,970	\$ 28,416,350	\$ 26,407,757	\$ 25,036,215	\$ 37,760,064	\$ 21,862,917
Restricted-expendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	12,639,169	5,036,771	8,577,443	5,800,462	19,663,499	24,816,588	21,070,253	25,377,815	11,374,395	24,882,257
Total business-type activities net position	<u>\$ 57,857,799</u>	<u>\$ 54,933,037</u>	<u>\$ 51,786,355</u>	<u>\$ 47,519,818</u>	<u>\$ 52,910,469</u>	<u>\$ 53,232,938</u>	<u>\$ 47,478,010</u>	<u>\$ 50,414,030</u>	<u>\$ 49,134,459</u>	<u>\$ 46,745,174</u>
Primary Government:										
Net investment in capital assets	\$ 193,642,366	\$ 206,198,962	\$ 193,536,743	\$ 189,068,618	\$ 162,669,277	\$ 166,726,892	\$ 158,962,270	\$ 164,349,638	\$ 143,222,508	\$ 144,027,807
Restricted For:										
Expendable	-	-	-	340,099	378,342	1,097,425	2,200,311	2,441,436	2,191,647	6,402,164
Nonexpendable	1,109,033	961,814	668,533	184,504	5,663,251	4,891,126	162,501	162,501	162,501	162,501
Unrestricted	12,777,183	(6,735,016)	1,796,137	(4,816,496)	53,809,288	35,983,876	44,535,920	92,463,215	96,484,985	85,283,998
Total primary government net position	<u>\$ 207,528,582</u>	<u>\$ 200,425,760</u>	<u>\$ 196,001,413</u>	<u>\$ 184,776,725</u>	<u>\$ 222,520,158</u>	<u>\$ 208,699,319</u>	<u>\$ 205,861,002</u>	<u>\$ 259,416,790</u>	<u>\$ 242,061,641</u>	<u>\$ 235,876,470</u>

Source: City of Charlottesville Comprehensive Annual Financial Report - Exhibit A

Schedule prepared using the accrual basis of accounting

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities:										
General government	\$ 32,639,091	\$ 28,371,946	\$ 28,445,537	\$ 21,921,172	\$ 25,116,791	\$ 27,127,026	\$ 26,796,174	\$ 24,270,356	\$ 23,535,445	\$ 22,483,608
Public safety	38,168,385	39,716,740	39,513,247	39,334,221	45,118,838	38,827,913	33,615,196	33,358,970	32,597,684	32,258,520
Community services	24,058,257	22,139,189	22,110,867	19,938,224	25,259,071	23,003,605	22,323,559	20,704,251	20,052,677	23,670,432
Health and welfare	36,271,499	35,800,041	35,670,836	34,893,670	37,155,165	31,493,206	31,115,213	29,785,968	30,274,966	30,034,547
Parks, recreation and culture	12,079,902	14,638,408	14,061,131	13,476,760	17,120,453	13,868,610	12,782,459	12,666,217	12,368,616	11,256,003
Education	59,179,414	59,941,139	55,709,768	52,237,967	52,714,685	50,053,416	52,968,559	45,368,328	51,677,155	42,460,291
Conservation and development	16,759,036	18,093,478	15,426,140	15,142,115	12,626,012	10,244,623	9,501,823	8,870,158	10,373,102	14,171,433
Interest on long-term debt	1,892,395	919,779	860,768	3,705,543	1,746,162	2,465,754	3,604,179	2,241,591	2,359,980	5,100,955
Total governmental activities	221,047,979	219,620,720	211,798,294	200,649,672	216,857,177	197,084,153	192,707,162	177,265,839	183,239,625	181,435,789
Business-type activities:										
Water	10,560,049	10,183,626	10,037,485	9,056,356	8,971,472	8,332,731	8,988,566	8,834,334	8,162,082	8,417,556
Sewer	12,914,698	12,244,661	13,623,419	10,762,194	10,301,902	10,583,241	10,770,341	11,503,795	9,858,802	9,829,643
Gas	21,447,761	19,019,501	22,276,461	23,467,175	23,698,603	18,420,330	26,493,000	28,239,126	23,788,374	22,288,691
Other enterprise funds	2,442,938	2,355,636	1,616,129	1,459,846	1,534,483	1,393,942	1,341,548	1,038,023	871,628	912,244
Total business-type activities	47,365,446	43,803,424	47,553,494	44,745,571	44,506,460	38,730,244	47,593,455	49,615,278	42,680,886	41,448,134
Total Primary Government Expenses	\$ 268,413,425	\$ 263,424,144	\$ 259,351,788	\$ 245,395,243	\$ 261,363,637	\$ 235,814,397	\$ 240,300,617	\$ 226,881,117	\$ 225,920,511	\$ 222,883,923
Program Revenues										
Governmental activities:										
Charges for Services										
General government	\$ 2,164,225	\$ 2,059,764	\$ 2,171,318	\$ 900,906	\$ 7,808,336	\$ 13,289,075	\$ 13,365,582	\$ 14,156,093	\$ 14,000,028	\$ 12,718,913
Public safety	92,620	167,254	56,035	165,172	7,130,597	12,349	16,206	10,969	29,778	29,919
Community services	859,721	1,186,067	1,305,654	1,336,122	5,112,907	1,968,282	1,808,948	1,820,062	1,843,964	1,840,737
Health and welfare	4,525,367	4,746,752	5,235,853	5,594,608	8,753,432	4,653,306	4,588,956	4,203,244	3,923,086	3,950,369
Parks, recreation and culture	389,345	974,336	1,588,889	1,117,006	5,350,770	1,630,679	1,744,910	1,785,912	1,610,587	1,372,958
Education	12,336	163,775	210,003	209,591	1,288,687	214,120	243,413	273,615	208,988	229,949
Conservation and development	2,328,459	4,143,519	4,803,067	2,787,740	3,922,782	40,047	34,496	27,506	21,321	28,322
Operating Grants and Contributions										
General government	11,101,348	3,099,467	3,065,503	2,503,684	29,242,564	151,621	2,212,016	2,275,679	1,762,119	1,643,234
Public safety	4,856,650	4,980,799	4,686,110	997,666	1,636,764	718,675	889,252	2,647,082	1,675,385	1,906,155
Community services	8,891,692	9,203,947	7,623,041	8,204,371	5,441,190	5,028,690	11,009,042	8,184,560	8,107,968	9,074,860
Health and welfare	3,105,847	1,728,546	1,838,249	18,423,390	17,076,168	16,730,096	17,046,746	15,664,102	16,278,179	16,481,533
Parks, recreation and culture	700,518	235,102	621,157	644,671	467,158	218,771	142,942	265,890	904,083	76,725
Education	200,000	200,000	-	228,081	347,685	217,188	269,716	232,043	562,087	566,776
Conservation and development	4,659,459	529,701	3,502,830	3,292,265	4,506,454	185,529	133,588	63,905	238,338	344,349
Capital Grants and Contributions										
General government	193,071	-	-	-	-	-	-	-	-	350,876
Public safety	34,370	-	154,845	(34,568,687)	(34,568,687)	-	-	0	12,825	383,584
Community services	1,779,503	-	661,930	411,471	592,408	3,039,031	6,948,100	13,486,069	6,776,156	5,070,874
Parks, recreation and culture	-	1,131,851	1,131,851	1,131,851	1,131,851	-	-	-	-	-
Education	-	-	-	-	-	119,915	144,700	-	-	456,441
Conservation and development	-	4,626,998	60,800	3,323,240	5,977,748	-	33,162	16,839	59,500	115,398
Total governmental activities	45,894,531	39,177,878	38,717,135	16,703,148	71,218,814	48,217,374	60,631,775	65,113,570	58,014,392	56,641,972
Business-type activities:										
Charges for Services										
Water	12,254,574	12,578,445	11,815,767	11,049,045	11,189,236	10,311,760	9,868,917	9,163,447	9,064,161	8,923,040
Sewer	14,928,814	15,531,423	15,201,858	14,562,317	14,704,642	13,254,116	11,970,322	11,338,460	10,554,384	9,121,471
Gas	25,453,987	21,209,685	27,104,835	22,419,210	20,544,734	22,813,188	30,826,233	33,856,411	29,779,891	27,619,960
Other enterprise funds	3,228,518	2,844,140	2,720,462	2,780,797	2,810,284	2,719,146	2,818,345	1,780,508	842,787	939,797
Operating Grants and Contributions										
Other enterprise funds	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions										
Other enterprise funds	-	-	-	-	-	-	68,552	-	-	18,800
Total business-type activities	55,865,893	52,163,693	56,842,922	50,811,369	49,248,896	49,098,210	55,552,369	56,138,826	50,241,223	46,623,068
Total Primary Government Revenues	\$ 101,760,424	\$ 91,341,571	\$ 95,560,057	\$ 67,514,517	\$ 120,467,710	\$ 97,315,584	\$ 116,184,144	\$ 121,252,396	\$ 108,255,615	\$ 103,265,040

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Net (Expense) Revenue</u>										
Governmental activities:										
General government	\$ (19,180,447)	\$ (23,212,715)	\$ (23,208,716)	\$ (18,516,582)	\$ 11,934,109	\$ (13,686,330)	\$ (11,218,576)	\$ (7,838,584)	\$ (7,773,298)	\$ (7,770,585)
Public safety	(33,184,745)	(34,568,687)	(34,616,257)	(72,740,070)	(70,920,164)	(38,096,889)	(32,709,738)	(30,700,919)	(30,879,696)	(30,322,446)
Community services	(12,527,341)	(11,749,175)	(12,520,242)	(9,986,260)	(14,112,566)	(12,967,602)	(2,557,469)	2,786,440	(3,324,589)	(7,683,961)
Health and welfare	(28,640,285)	(29,324,743)	(27,464,883)	(9,743,821)	(10,193,714)	(10,109,804)	(9,479,511)	(9,918,622)	(10,073,701)	(9,602,645)
Parks, recreation and culture	(10,990,039)	(13,428,970)	(10,719,234)	(10,583,232)	(10,170,674)	(12,019,160)	(10,894,607)	(10,614,415)	(9,853,946)	(9,806,320)
Education	(58,967,078)	(59,577,364)	(55,499,765)	(51,800,295)	(51,078,313)	(49,502,193)	(52,310,730)	(44,862,670)	(50,906,080)	(41,207,125)
Conservation and development	(9,771,118)	(8,793,260)	(7,059,443)	(5,738,870)	1,780,972	(10,019,047)	(9,300,577)	(8,761,908)	(10,053,943)	(13,798,762)
Interest on long-term debt	(1,892,395)	(919,779)	(860,768)	(3,705,543)	(1,746,162)	(2,465,754)	(3,604,179)	(2,241,591)	(2,359,980)	(5,100,955)
Total governmental activities	<u>(175,153,448)</u>	<u>(181,574,693)</u>	<u>(171,949,308)</u>	<u>(182,814,673)</u>	<u>(144,506,512)</u>	<u>(148,866,779)</u>	<u>(132,075,387)</u>	<u>(112,152,269)</u>	<u>(125,225,233)</u>	<u>(125,292,799)</u>
Business-type activities:										
Water	1,694,525	2,394,819	1,778,282	1,992,689	2,217,764	1,979,029	880,351	329,113	902,079	505,484
Sewer	2,014,116	3,286,762	1,578,439	3,800,123	4,402,740	2,670,875	1,199,981	(165,335)	695,582	(708,172)
Gas	4,006,226	2,190,184	4,828,374	(1,047,965)	(3,153,869)	4,392,858	4,333,233	5,617,285	5,991,517	5,331,269
Other enterprise funds	785,580	488,504	1,104,333	1,320,951	1,275,801	1,325,204	1,545,349	742,485	(28,841)	27,553
Total business-type activities	<u>8,500,447</u>	<u>8,360,269</u>	<u>9,289,428</u>	<u>6,065,798</u>	<u>4,742,436</u>	<u>10,367,966</u>	<u>7,958,914</u>	<u>6,523,548</u>	<u>7,560,337</u>	<u>5,156,134</u>
Total Primary Government Net Expense	<u>\$ (166,653,001)</u>	<u>\$ (173,214,424)</u>	<u>\$ (162,659,880)</u>	<u>\$ (176,748,875)</u>	<u>\$ (139,764,076)</u>	<u>\$ (138,498,813)</u>	<u>\$ (124,116,473)</u>	<u>\$ (105,628,721)</u>	<u>\$ (117,664,896)</u>	<u>\$ (120,136,665)</u>
<u>General Revenues and Other Changes in Net Position</u>										
Governmental activities:										
General Revenues										
General property taxes	\$ 89,152,047	\$ 84,518,162	\$ 80,460,113	\$ 75,042,232	\$ 68,384,143	\$ 62,940,310	\$ 59,566,818	\$ 58,158,711	\$ 56,060,959	\$ 55,819,958
Sales tax	12,202,161	11,497,058	11,876,599	11,619,460	11,670,485	11,466,250	10,767,263	10,747,757	9,901,299	9,995,523
Utility tax	4,477,998	4,491,483	4,764,420	4,616,495	4,540,179	4,478,748	4,614,299	4,539,149	4,422,168	4,252,785
Communications tax	2,357,526	2,654,196	2,716,128	2,927,794	3,022,277	3,098,436	3,192,960	3,221,105	3,276,861	3,268,192
Meals tax	11,032,143	12,600,643	12,212,802	11,781,447	11,746,648	11,320,042	8,703,398	8,156,709	8,103,257	7,378,230
Lodging tax	3,792,490	5,049,858	5,659,226	5,151,629	4,846,549	3,664,156	3,166,309	2,933,227	2,932,367	2,807,326
Other taxes	4,284,816	11,587,139	12,261,038	4,256,433	4,593,226	4,511,753	4,319,279	4,139,312	4,022,679	4,059,205
Business license tax	8,249,480	1,457,867	1,447,032	8,767,125	7,918,093	6,925,402	6,788,971	6,442,386	6,880,942	6,491,428
Grants and contributions not restricted	37,787,437	37,969,151	39,975,597	27,056,841	-	30,117,894	23,502,728	24,353,298	27,910,750	24,887,083
Unrestricted revenue from use of money and property	471,689	1,658,588	1,893,575	1,297,431	-	-	-	-	-	-
Interest and investment earnings	749,166	1,223,063	1,033,337	-	406,625	341,347	365,070	259,548	276,657	373,961
Miscellaneous	945,673	1,319,692	896,195	980,353	-	-	-	-	-	-
Transfers, net	5,776,201	5,648,201	5,567,298	5,264,759	-	-	-	-	-	-
Gain from sale of assets	-	-	-	-	-	-	-	-	-	252,742
Total governmental activities	<u>181,278,827</u>	<u>181,675,101</u>	<u>180,763,360</u>	<u>158,761,999</u>	<u>117,128,225</u>	<u>138,864,338</u>	<u>124,987,095</u>	<u>122,951,202</u>	<u>123,787,939</u>	<u>119,586,433</u>
Business-type activities:										
Interest and investment earnings	66,122	123,969	206,128	-	101,036	141,362	113,151	32,668	62,128	109,079
Total business-type activities	<u>66,122</u>	<u>123,969</u>	<u>206,128</u>	<u>-</u>	<u>101,036</u>	<u>141,362</u>	<u>113,151</u>	<u>32,668</u>	<u>62,128</u>	<u>109,079</u>
Total Primary Government Revenues	<u>\$ 181,344,949</u>	<u>\$ 181,799,070</u>	<u>\$ 180,969,488</u>	<u>\$ 158,761,999</u>	<u>\$ 117,229,261</u>	<u>\$ 139,005,700</u>	<u>\$ 125,100,246</u>	<u>\$ 122,983,870</u>	<u>\$ 123,850,067</u>	<u>\$ 119,695,512</u>
Change in net position										
Governmental Activities	\$ 6,125,379	\$ 1,232,259	\$ 6,550,350	\$ 8,252,311	\$ 10,372,952	\$ (4,803,942)	\$ (1,773,911)	\$ 16,075,578	\$ 3,795,886	\$ (413,593)
Business-type Activities	\$ 3,716,635	\$ 3,146,682	\$ 4,266,537	\$ 1,099,874	\$ (322,469)	\$ 5,310,729	\$ 2,757,684	\$ 1,279,571	\$ 2,389,285	\$ 490,222
Total change in net position	<u>\$ 9,842,014</u>	<u>\$ 4,378,941</u>	<u>\$ 10,816,887</u>	<u>\$ 9,352,185</u>	<u>\$ 10,050,483</u>	<u>\$ 506,787</u>	<u>\$ 983,773</u>	<u>\$ 17,355,149</u>	<u>\$ 6,185,171</u>	<u>\$ 76,629</u>

Source: City of Charlottesville Comprehensive Annual Financial Report - Exhibit B

Schedule prepared using the accrual basis of accounting

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 3

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable	\$ 9,460	\$ 25,970	\$ 1,920	\$ 22,002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	414,753	484,048	327,770	637,910	-	656,777	728,278	725,441	545,723	472,056
Committed	14,483,982	9,435,257	7,990,059	8,779,538	4,931,956	6,732,612	6,363,639	7,004,685	6,737,955	8,206,185
Assigned	3,186,325	4,458,676	6,229,997	5,818,834	1,102,935	7,804,945	5,130,563	3,786,220	3,633,160	4,542,491
Unassigned	35,319,585	32,544,441	33,272,338	30,502,351	41,933,825	29,054,913	28,251,814	27,291,468	26,989,410	26,861,656
Total General Fund	<u>\$ 53,414,105</u>	<u>\$ 46,948,392</u>	<u>\$ 47,822,084</u>	<u>\$ 45,738,633</u>	<u>\$ 47,968,716</u>	<u>\$ 44,249,247</u>	<u>\$ 40,474,294</u>	<u>\$ 38,807,814</u>	<u>\$ 37,906,248</u>	<u>\$ 40,082,388</u>
All Other Governmental Funds										
Nonspendable	\$ 162,502	\$ 162,502	\$ 162,502	\$ 162,502	\$ 5,663,250	\$ 4,891,126	\$ 1,260,860	\$ 1,542,501	\$ 1,272,501	\$ 3,316,211
Restricted	495,809	292,296	176,341	2,951,459	8,300,066	440,648	6,159,927	4,216,750	9,486,035	15,949,126
Committed	13,225,476	13,410,790	12,830,074	11,905,368	15,541,112	12,082,178	11,745,744	15,202,070	14,768,068	11,252,983
Assigned	21,314,234	7,895,219	16,622,433	18,153,704	1,977,246	7,770,919	5,928,263	1,364,421	1,303,256	1,906,602
Unassigned	1,411,224	-	-	(5,117,190)	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 36,609,245</u>	<u>\$ 21,760,807</u>	<u>\$ 29,791,350</u>	<u>\$ 28,055,843</u>	<u>\$ 31,481,674</u>	<u>\$ 25,184,871</u>	<u>\$ 25,094,794</u>	<u>\$ 22,325,742</u>	<u>\$ 26,829,860</u>	<u>\$ 32,424,922</u>

Source: City of Charlottesville Comprehensive Annual Financial Report - Exhibit C

Note: Fiscal years prior to 2018 have not been restated for GASB 75.

Schedule prepared using the modified accrual basis of accounting

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
General property taxes	\$ 135,496,329	\$ 133,162,943	\$ 130,457,652	\$ 122,940,708	\$ 116,721,600	\$ 108,365,439	\$ 101,869,696	\$ 98,699,930	\$ 95,714,241	\$ 94,311,894
Fee and permits	2,814,829	2,945,186	2,852,058	2,719,933	2,575,469	2,169,777	2,283,546	1,966,895	2,464,889	2,042,063
Intergovernmental	70,401,027	60,981,652	60,040,284	61,458,198	61,924,408	55,268,548	60,955,964	66,426,300	60,215,042	61,026,601
Charges for services	10,892,325	13,952,648	15,313,883	11,917,913	12,117,670	11,701,232	11,685,158	10,920,381	10,607,302	10,065,910
Fines and forfeitures	157,302	201,617	362,381	419,344	481,032	481,630	476,632	393,398	392,763	552,075
Miscellaneous	2,056,437	3,960,736	3,394,302	3,381,950	2,789,931	2,386,349	2,296,159	2,226,308	5,056,883	2,036,426
Total governmental revenues	221,818,249	215,204,782	212,420,560	202,838,046	196,610,110	180,372,975	179,567,155	180,633,212	174,451,120	170,034,969
Expenditures										
General government	31,825,290	25,161,292	26,980,864	20,817,229	18,107,974	17,206,445	18,446,310	14,825,220	15,352,223	15,117,332
Public safety	38,612,063	38,727,179	38,240,448	39,397,475	35,081,163	36,357,223	33,290,687	32,609,199	31,987,432	32,231,433
Community services	21,349,995	19,100,385	19,006,475	16,980,656	17,257,531	18,470,598	20,824,429	21,796,529	18,524,126	23,573,132
Health and welfare	36,540,423	35,848,437	35,736,307	35,175,725	32,346,926	30,975,824	31,318,573	29,948,939	31,196,387	30,211,972
Parks, recreation and culture	10,985,927	13,700,003	13,326,020	12,709,049	11,912,756	13,023,170	12,152,256	11,739,822	12,229,739	10,586,859
Education	58,236,465	58,902,075	54,798,480	51,757,047	50,385,279	49,397,353	46,999,266	44,279,012	45,526,167	41,983,543
Conservation and development	13,954,074	15,854,748	13,244,853	13,070,791	9,620,535	10,710,688	8,928,892	7,469,535	8,764,632	13,711,905
Debt service										
Principal	7,280,278	7,566,058	7,140,323	7,417,376	7,146,882	6,379,799	6,084,318	6,685,521	6,430,175	6,611,249
Interest	3,134,902	3,155,879	3,041,563	3,099,780	2,832,293	2,591,814	2,660,459	2,725,366	2,452,754	2,855,961
Miscellaneous	-	-	-	-	123,892	172,063	384,966	100,571	87,599	196,062
Other activities	-	-	-	-	289,665	1,055,402	1,052,619	975,456	266,562	255,994
Capital outlay	9,190,991	9,941,161	13,331,752	16,960,272	19,795,285	5,613,733	11,713,606	23,165,369	21,380,655	11,213,317
Total governmental expenditures	231,110,408	227,957,217	224,847,086	217,385,400	204,900,181	191,954,112	193,856,381	196,320,539	194,198,451	188,548,759
Revenues over (under) expenditures	(9,292,159)	(12,752,435)	(12,426,526)	(14,547,354)	(8,290,071)	(11,581,137)	(14,289,226)	(15,687,327)	(19,747,331)	(18,513,790)
Other financing sources (uses)										
Transfers in	29,584,232	28,416,690	36,720,138	38,479,757	32,386,616	30,657,532	29,059,645	29,291,985	31,047,043	31,879,012
Transfers out	(23,808,032)	(24,568,490)	(31,551,066)	(31,547,212)	(27,166,718)	(25,140,392)	(22,880,748)	(23,356,855)	(25,108,773)	(26,698,163)
Issuance of debt	25,500,700	-	9,520,000	4,610,000	11,140,000	7,250,000	11,405,000	5,740,000	5,610,000	9,133,200
Refunding bonds issued	-	-	-	-	-	3,875,466	11,663,366	1,390,695	-	17,737,100
Premium on issuance of debt	3,643,188	-	1,126,606	420,561	1,076,892	1,282,326	2,261,124	417,486	427,859	3,411,666
Payment to refunded bond escrow agent	(4,538,777)	-	-	-	-	(4,365,996)	(13,096,411)	(1,506,186)	-	(20,195,331)
Sale of capital assets	-	-	-	-	-	-	312,782	107,650	-	352,000
Total other financing sources (uses)	30,381,311	3,848,200	15,815,678	11,963,106	17,436,790	13,558,936	18,724,758	12,084,775	11,976,129	15,619,484
Net change in fund balances	\$ 21,089,152	\$ (8,904,235)	\$ 3,389,152	\$ (2,584,248)	\$ 9,146,719	\$ 1,977,799	\$ 4,435,532	\$ (3,602,552)	\$ (7,771,202)	\$ (2,894,306)
Debt service as a percentage of noncapital expenditures										
Total debt service expenditures	\$ 10,415,180	\$ 10,721,937	\$ 10,181,886	\$ 10,517,156	\$ 9,979,175	\$ 8,971,613	\$ 8,744,777	\$ 9,410,887	\$ 8,882,929	\$ 9,467,210
Total governmental expenditures	231,110,408	227,957,217	224,847,086	217,385,400	204,900,181	191,954,112	193,856,381	196,320,539	194,198,451	188,548,759
Change in capital assets	(9,390,495)	(10,720,847)	(13,346,753)	(16,960,272)	(21,634,978)	(9,215,151)	(16,487,414)	(27,697,576)	(22,573,753)	(15,554,651)
Noncapital expenditures	\$ 221,719,913	\$ 217,236,370	\$ 211,500,333	\$ 200,425,128	\$ 183,265,203	\$ 182,738,961	\$ 177,368,967	\$ 168,622,963	\$ 171,624,698	\$ 172,994,108
Debt service as a percentage of noncapital expenditures	4.70%	4.94%	4.81%	5.25%	5.45%	4.91%	4.93%	5.58%	5.18%	5.47%

Source: City of Charlottesville Comprehensive Annual Financial Report - Exhibit D

Schedule prepared using the modified accrual basis of accounting

TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	Total Taxes	Property Taxes (1)	Sales and Use Taxes	Utility and Communications Taxes (2)	Meals Tax	Lodging Tax	Business License Tax	Franchise Taxes (2)	Tax on Bank Stock	Tax on Wills and Deeds	Other Taxes
2021	\$ 135,496,329	\$ 91,116,055	\$ 12,202,161	\$ 6,835,524	\$ 11,032,143	\$ 3,792,490	\$ 7,648,188	\$ -	\$ 1,244,963	\$ 853,716	\$ 771,089
2020	133,162,912	85,976,029	11,497,058	7,145,681	12,600,643	5,049,858	8,169,497	-	1,057,296	795,323	871,527
2019	130,457,651	81,561,358	11,876,599	7,480,548	12,212,802	5,659,226	8,540,881	3,500	1,369,883	751,569	1,001,285
2018	122,940,708	75,616,895	11,619,460	7,658,576	11,781,447	5,151,629	8,230,107	3,500	1,348,260	581,600	949,234
2017	116,724,600	69,739,801	11,670,485	7,562,456	11,746,648	4,846,549	7,918,093	3,500	1,226,609	904,353	1,106,106
2016	108,365,439	64,620,157	11,466,250	7,577,184	11,320,042	3,664,156	6,925,402	3,500	1,138,188	585,246	1,065,314
2015	101,869,696	62,020,045	10,767,263	7,807,259	8,703,398	3,166,309	6,788,971	3,500	982,185	554,805	1,075,961
2014	98,699,930	60,203,592	10,747,757	7,760,254	8,156,709	2,933,227	6,442,386	7,000	923,869	565,320	959,816
2013	95,714,241	57,894,427	9,901,299	7,699,029	8,103,257	2,932,367	6,880,942	13,880	851,638	604,597	832,805
2012	94,311,894	57,774,887	9,995,523	7,520,977	7,378,230	2,807,326	6,491,428	10,440	1,051,723	493,248	788,112

Source: City of Charlottesville Comprehensive Annual Financial Report - Exhibit G

- (1) Beginning in 1998, the Commonwealth of Virginia pays a portion of the personal property tax formerly paid by the property owner; the Commonwealth's share is reported as intergovernmental revenue.
- (2) Beginning in January 1, 2007, the Commonwealth of Virginia enacted the Virginia Communication Tax. This new tax replaces most of the current Virginia state and local communications taxes and fees with a central administered Communications Sales and Use Tax, a uniform statewide E-911 tax on landline telephone service and a cable television provider's public right-of-way use fee.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 6

ASSESSED AND ESTIMATED MARKET VALUE OF REAL PROPERTY (1) LAST TEN CALENDAR YEARS

Taxable Year	Real Estate	Public Service Real Estate	Total Taxable Real Property Assessed Value	Real Property Direct Tax Rate	Tax-Exempt Real Property	Total Value Real Property
2021	\$ 8,410,772,999	\$ 166,301,295	\$ 8,577,074,294	0.95	\$ 2,528,582,300	\$ 11,105,656,594
2020	8,187,130,300	161,534,532	8,348,664,832	0.95	2,260,050,500	10,608,715,332
2019	7,647,893,000	152,574,032	7,800,467,032	0.95	2,046,675,800	9,847,142,832
2018	7,060,139,700	151,135,069	7,211,274,769	0.95	1,917,683,250	9,128,958,019
2017	6,740,234,600	143,303,198	6,883,537,798	0.95	1,746,952,600	8,630,490,398
2016	5,953,910,000	140,924,014	6,094,834,014	0.95	1,135,055,400	7,229,889,414
2015	5,704,217,700	142,650,296	5,641,414,880	0.95	1,027,382,800	6,668,797,680
2014	5,503,669,500	137,745,380	5,641,414,880	0.95	1,017,616,600	6,659,031,480
2013	5,281,021,000	138,256,036	5,419,277,036	0.95	1,012,716,900	6,431,993,936
2012	5,222,661,300	138,241,036	5,360,902,336	0.95	1,016,573,300	6,377,475,636

Source: Records of the City Assessor and State Corporation Commission

Note: The City has no overlapping property taxes.

(1) Assessed values of all classes of property are the approximate market value.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 7

DIRECT PROPERTY TAX RATES (PER \$100 OF ASSESSED VALUE) LAST TEN CALENDAR YEARS

Year	Real Property (1)	Personal Property (2)	Machinery & Tools (2)	Total Direct Tax Rate of City Assessed Property	Public Service		Total Direct Tax Rate of State Assessed Property
					Real Property (3)	Personal Property (3)	
2021	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2020	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2019	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2018	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2017	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2016	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2015	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2014	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2013	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2012	0.95	4.20	4.20	9.35	0.95	4.20	5.15

Source: City of Charlottesville Director of Finance

(1) Assessed by the City of Charlottesville Real Estate Assessor

(2) Assessed by the City of Charlottesville Commissioner of Revenue

(3) Assessed by the State Corporation Commission

Note: The City has no overlapping property taxes.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 8

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2021**

Taxpayer	Type of Business	2021 Assessed Valuation (1)	Tax Amount (2)	Rank	Percentage of Total Assessed Valuation (1)	2012 Assessed Valuation (1)	Tax Amount (2)	Rank	Percentage of Total Assessed Valuation (1)
Federal Realty Investment Trust	Shopping Center	\$ 174,176,400	\$ 1,654,676	1	2.07 %	\$ 87,565,600	\$ 831,873	1	1.68 %
Woodard United, LLC	Apartments	132,346,300	1,257,290	2	1.57	26,771,200	\$ 254,326	10	0.51
Neighborhood Development, Inc.	Apartments	99,185,400	942,261	3	1.18	-	-	-	-
Pavilion UVA, LLC & Pavilion UVA II, LLC	Apartments	89,228,800	847,674	4	1.06	-	-	-	-
833 West Main, LLC	Apartments	87,740,100	833,531	5	1.04	-	-	-	-
Piedmont Hospital, LLC	Apartments	79,517,700	755,418	6	0.95	-	-	-	-
Madison Loft, LLC	Apartments	74,394,500	706,748	7	0.88	-	-	-	-
Cambridge Square Apartments LP	Apartments	73,586,000	699,067	8	0.87	-	-	-	-
Pavilion, LLC	Apartments	72,524,200	688,980	9	0.86	36,847,500	350,050	4	0.71
Coal Tower Associates, LLC	Apartments	62,530,000	594,035	10	0.74	-	-	-	-
Dominion Virginia Power Company	Public Utility	-	-	-	-	55,900,450	531,054	2	1.07
CenturyLink	Public Utility	-	-	-	-	38,607,836	366,774	3	0.74
University of Virginia Foundation	Real Estate	-	-	-	-	36,498,200	346,733	5	0.70
Payton Associates Partnership	Real Estate	-	-	-	-	33,899,400	322,044	6	0.65
Towers Limited Partnership, ETAL	Real Estate	-	-	-	-	33,337,600	316,707	7	0.64
Caton, Douglas E.	Real Estate	-	-	-	-	30,956,200	294,084	8	0.59
Wade Apartments	Apartments	-	-	-	-	29,605,600	281,252	9	0.57
		<u>\$ 945,229,400</u>	<u>\$ 8,979,680</u>		<u>11.22 %</u>	<u>\$ 409,989,586</u>	<u>\$ 3,894,899</u>		<u>7.86 %</u>

Source: City Assessor and Commissioner of Revenue, City of Charlottesville, Virginia

(1) Represents percentage of total City valuation of taxable property, real estate only.

(2) Tax rate of \$0.95 in 2021; Tax rate of \$0.95 in 2012

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 9

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ⁽¹⁾	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2021	\$ 92,084,435	\$ 90,266,459	98.03 %	\$ -	\$ 90,266,459	98.03 %
2020	88,263,566	86,287,564	97.76	1,421,625	87,709,190	99.37
2019	83,339,710	82,035,675	98.44	1,100,916	83,136,591	99.76
2018	77,696,498	76,521,606	98.49	1,056,177	77,577,783	99.85
2017	71,965,946	71,139,950	98.85	735,022	71,874,972	99.87
2016	65,952,891	65,027,636	98.60	850,676	65,878,312	99.89
2015	63,892,891	62,863,991	98.39	961,928	63,825,919	99.90
2014	62,251,968	61,010,246	98.01	1,178,588	62,188,834	99.90
2013	60,538,454	59,304,770	97.96	1,205,633	60,510,403	99.95
2012	60,132,379	58,573,010	97.41	1,517,424	60,090,434	99.93 %

Source: Treasurer of the City of Charlottesville

(1) Beginning with Fiscal year 2015, supplements are reported in the year in which they were billed and due.

Fiscal years 2009-2014 report supplemental tax levies back to the year they for which they are assessed, instead of reporting them in the fiscal year they were billed, causing the current year collection rate to decline in subsequent years.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 10

**ESTIMATED VALUE OF TAX-EXEMPT REAL PROPERTY
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Federal	\$ 38,787,700	\$ 38,480,800	\$ 36,863,200	\$ 32,717,600	\$ 31,919,100	\$ 23,817,800	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500
State and regional	758,897,900	513,759,400	463,218,100	455,398,000	450,963,700	306,883,300	279,103,600	278,984,600	288,908,100	278,983,600
Local	491,338,500	497,777,300	446,420,700	417,963,500	362,990,800	214,399,600	194,685,500	192,076,800	191,927,100	181,085,000
Religious, charitable, educational and other	1,239,558,200	1,195,913,200	1,088,276,900	1,011,604,150	901,079,000	589,954,700	531,941,200	524,902,700	510,229,200	534,852,200
Total	<u>2,528,582,300</u>	<u>2,245,930,700</u>	<u>\$ 2,034,778,900</u>	<u>\$ 1,917,683,250</u>	<u>\$ 1,746,952,600</u>	<u>\$ 1,135,055,400</u>	<u>\$ 1,027,382,800</u>	<u>\$ 1,017,616,600</u>	<u>\$ 1,012,716,900</u>	<u>\$ 1,016,573,300</u>

Source: Office of the Real Estate Assessor, City of Charlottesville, Virginia. Reported to the State in April annually by the Assessor's Office.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 11

**RATIO OF NET BONDED GOVERNMENTAL DEBT TO ASSESSED VALUE AND NET BONDED GOVERNMENTAL DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	Population (1)	Real Estate Assessed Value	Total Bonded Debt	Total Bonded Business Type Debt	Governmental Bonded Debt Service Due (2)	General Fund Expenditures and Net Other Financing Sources	Ratio of Net Bonded Debt to Assessed Value	Total Bonded Debt per Capita	Ratio of Debt Service to Total General Fund Expenditures and Transfers
2021	49,447	\$ 8,410,772,999	\$ 152,301,059	\$ 58,438,152	\$ 8,257,217	\$ 132,117,051	1.81 %	\$ 3,080	6.25 %
2020	49,181	8,187,130,300	125,345,907	45,241,232	7,157,428	176,636,788	1.53	2,549	4.05
2019	49,281	7,647,893,000	136,905,038	49,234,305	7,443,208	173,674,353	1.79	2,778	4.29
2018	49,132	6,740,234,600	132,121,039	44,022,607	7,137,004	165,389,458	1.96	2,689	4.32
2017	49,071	6,740,264,600	132,121,039	44,022,607	7,417,376	152,655,215	1.96	2,692	4.86
2016	48,210	5,704,217,700	128,929,869	44,824,556	9,489,053	139,577,852	2.26	2,674	6.80
2015	47,783	5,503,669,500	130,376,506	48,052,860	9,121,289	139,577,852	2.37	2,729	6.53
2014	46,623	5,281,021,000	126,266,932	48,149,184	8,682,449	138,100,498	2.39	2,708	6.29
2013	45,073	5,222,661,300	122,474,814	43,325,574	6,938,939	137,559,888	2.35	2,717	5.04
2012	44,471	5,282,859,100	117,731,642	37,762,227	6,681,506	134,117,472	2.23	2,647	4.98

Note: The City has no overlapping debt.

(1) Weldon Cooper Center for Public Service, Demographics & Workforce Group
<http://www.coopercenter.org/demographics/virginia-population-estimates>

(2) Governmental debt due within next fiscal year.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 12

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO GENERAL GOVERNMENTAL
EXPENDITURES AND TRANSFERS
LAST TEN FISCAL YEARS**

Fiscal Year	Principal	Interest	Total Debt Service	General Governmental Expenditures and Transfers	Ratio of Debt Service to General Governmental Expenditures
2021	\$ 7,280,278	\$ 3,134,902	\$ 10,415,180	\$ 132,117,051	7.88 %
2020	7,566,058	3,155,879	10,721,937	176,593,646	6.07
2019	7,140,323	3,041,563	10,181,885	173,673,353	5.86
2018	7,417,377	3,099,780	10,517,157	224,199,432	4.69
2017	7,146,882	2,832,293	9,979,175	205,739,944	4.85
2016	6,379,799	2,591,814	8,971,613	195,491,554	4.59
2015	6,084,318	2,660,459	8,744,777	191,875,061	4.56
2014	6,685,521	2,725,366	9,410,887	190,189,617	4.95
2013	6,430,175	2,452,754	8,882,929	188,150,305	4.72
2012	6,611,249	2,855,961	9,467,210	188,952,877	5.01

Note: Excludes Capital Projects Fund expenditures and transfers.
The City has no overlapping debt.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 13

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities				Percent of Personal Income	Per Capita Debt
	General Obligation Bonds (1)	Literary Loans	Notes Payable	Total Governmental Debt	General Obligation Notes	Notes Payable	Total Primary Government			
2021	\$93,862,907	\$ -	\$ -	\$ 93,862,907	\$58,438,152	\$ -	\$152,301,059	* %		3,080
2020	80,104,675	-	-	80,104,675	45,241,232	-	125,345,907	*		2,549
2019	87,670,733	-	-	87,670,733	49,234,305	-	136,905,038	3.49		2,778
2018	85,291,055	-	-	85,291,055	46,555,810	-	131,846,865	3.96		2,684
2017	88,098,432	-	-	88,098,432	44,022,607	-	132,121,039	4.34		2,692
2016	84,094,947	10,366	-	84,105,313	44,824,556	-	128,929,869	4.48		2,674
2015	82,293,261	30,385	-	82,323,646	48,052,860	-	130,376,506	4.50		2,729
2014	78,067,345	50,403	-	78,117,748	48,149,184	-	126,266,932	4.55		2,708
2013	78,676,333	70,421	402,486	79,149,240	43,325,574	-	122,474,814	5.13		2,717
2012	78,918,183	90,439	960,793	79,969,415	37,762,227	-	117,731,642	5.11		2,647

* Information not available at this time.

(1) Presented net of original issuance discounts and premiums, revised

Note: The City has no overlapping debt.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 14

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Assessed value of real property	<u>\$ 8,410,772,999</u>	<u>\$ 8,187,130,300</u>	<u>\$ 7,647,893,000</u>	<u>\$ 6,740,234,600</u>	<u>\$ 6,740,264,600</u>	<u>\$ 5,953,910,000</u>	<u>\$ 5,704,217,700</u>	<u>\$ 5,503,669,500</u>	<u>\$ 5,281,021,000</u>	<u>\$ 5,222,661,300</u>
Debt limit - 10% of assessed value	\$ 841,077,300	\$ 818,713,030	\$ 764,789,300	\$ 674,023,460	\$ 674,026,460	\$ 595,391,000	\$ 570,421,770	\$ 550,366,950	\$ 528,102,100	\$ 522,266,130
Amount of debt applicable to debt limit	<u>151,235,666</u>	<u>125,345,907</u>	<u>136,905,038</u>	<u>131,846,865</u>	<u>132,121,039</u>	<u>128,929,869</u>	<u>119,460,105</u>	<u>114,398,907</u>	<u>110,304,028</u>	<u>106,478,659</u>
Legal debt margin	<u>\$ 689,841,634</u>	<u>\$ 693,367,123</u>	<u>\$ 627,884,262</u>	<u>\$ 542,176,595</u>	<u>\$ 541,905,421</u>	<u>\$ 466,461,131</u>	<u>\$ 450,961,665</u>	<u>\$ 435,968,043</u>	<u>\$ 417,798,072</u>	<u>\$ 415,787,471</u>
Total net debt applicable to the limit as a percentage of debt limit	17.98%	15.31%	17.90%	19.56%	19.60%	21.65%	20.94%	20.79%	20.89%	20.39%

Note: The City has no overlapping debt.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 15

**PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS**

Fiscal Year	Institutional and other Construction (1)		Commercial Construction (1)		Residential Construction (1)		Bank deposits (2) (in thousands)	Calendar Year	Property Values (3)	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value			Taxable	Nontaxable
2021	38	\$11,942,828	502	\$115,599,788	1,378	\$ 124,612,849	\$ 3,042,549	2021	\$ 8,410,772,999	\$ 2,528,582,300
2020	3	220,039	402	46,511,751	1,517	143,325,608	2,999,524	2020	8,187,130,300	2,245,930,700
2019	30	1,015,033	468	150,662,370	1,546	218,624,551	2,486,055	2019	7,647,893,000	2,034,778,900
2018	44	3,404,801	566	45,291,407	1,556	107,599,017	2,499,593	2018	6,740,234,600	1,917,683,250
2017	17	1,204,091	467	128,400,704	1,653	63,999,554	2,476,231	2017	6,740,264,600	1,746,952,600
2016	19	2,300,978	582	88,939,069	1,383	48,684,124	2,366,694 (4)	2016	5,704,217,700	1,135,055,400
2015	22	8,635,285	469	63,025,855	1,420	51,009,735	2,328,209 (4)	2015	5,503,669,500	1,027,382,800
2014	49	5,519,838	514	49,726,636	1,261	50,124,989	2,158,543	2014	5,281,021,000	1,012,716,900
2013	41	17,037,847	545	73,204,061	1,510	117,781,757	2,042,744	2013	5,222,661,300	1,016,573,300
2012	39	53,543,285	494	42,252,061	1,171	53,442,553	2,038,433	2012	5,282,859,100	1,016,346,400

(1) Department of Neighborhood Planning, City of Charlottesville

(2) FDIC Summary of deposits

(3) Real property values only

(4) FDIC Summary of deposits was corrected to reflect the actual value

**DEMOGRAPHIC STATISTICS
LAST TEN CALENDAR YEARS**

Year	Population (1)	School Membership (2)	Unemployment Rate (3)	Total Personal Income (4) (thousands)	Per Capita Income (4)	Taxable Sales (5) (thousands)	Sales per Capita
2021	49,447	4,259	4.3	*	*	*	*
2020	49,181	4,307	5.7	*	*	\$ 821,026	\$ 16,694
2019	49,281	4,337	2.5	*	\$ 69,003	989,912	20,087
2018	49,132	4,313	3.1	\$ 11,900,382	66,577	972,265	19,789
2017	49,071	4,210	3.6	10,531,351	63,300	971,359	19,795
2016	48,210	4,134	3.4	9,375,633	60,964	1,006,304	20,873
2015	47,783	4,101	3.7	9,182,721	60,294	959,435	20,079
2014	46,623	4,022	4.3	8,795,194	58,603	942,421	20,214
2013	45,073	3,945	4.9	7,764,329	52,693	864,748	19,186
2012	44,471	3,914	5.9	7,493,869	51,255	819,390	18,425

* Information not available at this time.

Source:

- (1) Weldon Cooper Center for Public Service, Demographics & Workforce Group
<http://www.coopercenter.org/demographics/virginia-population-estimates>
- (2) Fall Membership Charlottesville Public Schools
- (3) Bureau of Labor Statistics Local Area Unemployment Statistics and represents unemployment for the calendar year
- (4) Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce: Albemarle County and City of Charlottesville
- (5) Annual Report, Taxable Sales in Virginia Counties and Cities, Commonwealth of Virginia, Department of Taxation

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 17

**PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2021**

Employer	2021		2012	
	Rank	Number of Employee	Rank	Number of Employees
University of Virginia Medical Center	1	1000+	1	1000+
UVA Health Services Foundation	2	1000+		
City of Charlottesville	3	1000+	3	1000+
Charlottesville City School Board	4	500 to 999	4	500 to 999
Servicelink Management Com Inc.	5	500 to 999		
Association for Investment Management	6	250 to 499		
Morrison Crothall Support	7	250 to 499		
County of Albemarle	8	250 to 499		
Capital IQ Inc	9	250 to 499		
Fresh Fields Whole Food Market	10	250 to 499		
Martha Jefferson Hospital			2	1000+
Aramark Campus			5	500 to 999
SNL Security LP			6	250 to 499
Pharmaceutical Research Association			7	250 to 499
Kroger			8	100 to 249
Design Electric			9	100 to 249
St. Anne's Belfield School			10	100 to 249

Source: Virginia Employment Commission 50 Largest Employers during 4th Quarter (October, November, December) 2020

Note: 2012 employer rank/number of employees received from 4th quarter 2011 Virginia Employment Commission Labor Market Information

**GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Department	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Management										
Council/Clerk of Council	3.00	4.00	4.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Manager's Office/Administration and Communications	14.00	13.00	12.00	11.00						
					11.00	9.00	9.00	9.00	8.00	8.00
Office of Economic Development	11.50	11.50	7.50	6.50	6.00	6.00	5.50	4.00	5.00	5.00
Office of the City Manager/Parking Enterprise Fund	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
City Attorney	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Voting Registrar	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total	39.50	39.50	34.50	28.50	28.00	25.00	24.50	23.00	23.00	23.00
Internal Services										
Finance Department: Purchasing/Risk Management/Warehouse	9.00	9.00	8.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00
Information Technology	20.00	20.00	20.00	20.00	19.00	19.00	19.00	19.00	19.00	19.00
Human Resources	9.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Total	38.00	37.00	36.00	35.00	33.00	33.00	33.00	33.00	33.00	33.00
Financial Services										
Commissioner of Revenue	14.00	14.00	14.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Finance Department: Management/Real Estate Assessment/Utility Billing Office	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00
Treasurer	14.00	14.00	13.50	13.50	13.00	13.00	13.00	13.00	13.00	13.00
Total	62.00	62.00	61.50	60.50	60.00	60.00	60.00	60.00	60.00	60.00
Healthy Families & Community										
Charlottesville/Albemarle Visitors Bureau ⁽¹⁾	-	-	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Department of Human Services	37.50	37.50	36.50	35.50	35.50	35.50	34.25	34.25	35.25	34.25
Children & Youth Commission/CCF	-	-	-	-	-	-	-	-	-	-
Department of Social Services	106.50	106.50	104.50	102.50	102.50	102.25	99.98	99.85	100.85	100.85
Neighborhood Development Services	26.00	40.00	39.00	39.00	37.50	37.50	36.00	33.00	32.00	32.00
Office of Human Rights/Human Rights Commission	2.00	2.00	2.00	1.50	1.50	2.00	2.00	2.00	-	-
Parks and Recreation/Parks Maintenance	40.00	40.00	40.00	40.00	39.00	39.00	37.00	37.00	37.00	37.00
Parks & Rec/Recreation and Programs	29.50	29.50	29.50	27.50	27.50	27.50	28.50	28.75	29.75	28.75
Parks & Rec/Golf Fund	2.00	2.00	4.00	4.00	4.00	4.00	4.00	4.75	7.00	7.00
CDBG/HOME Grant Coordinator (Grant Funded)	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	243.50	257.50	266.50	261.00	258.50	258.75	252.73	250.60	252.85	250.85
Infrastructure/Transportation										
Public Works: Administration, Facilities Development	26.86	26.86	26.86	21.86	21.86	21.86	16.73	15.73	16.73	15.69
Public Works: School Building Maintenance	19.28	19.28	19.28	19.28	19.28	19.28	18.28	18.28	18.28	18.28
Public Works: Fleet Management	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	12.00	12.00
Public Works: Public Service	60.00	47.00	49.00	51.00	51.00	51.00	51.00	51.00	51.00	51.00
Charlottesville Area Transit (CAT)	80.00	80.00	72.00	72.00	69.00	68.00	68.00	68.00	77.50	77.50
Public Works: Pupil Transportation	29.00	29.00	29.00	29.00	28.50	28.50	28.50	28.00	27.50	27.50
Public Utilities: Gas, Water, Wastewater	90.00	90.00	89.00	92.00	92.00	92.00	92.00	92.00	93.00	93.00
Public Utilities: Stormwater Utility	10.00	10.00	4.00	4.00	4.00	4.00	4.00	4.00	-	-
Total	326.14	313.14	300.14	300.14	296.64	295.64	289.51	288.01	296.01	294.97
Public Safety & Justice										
City Sheriff	13.00	13.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Commonwealth's Attorney	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Courts and Other Support Service	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Fire Department	95.00	95.00	95.00	91.00	91.00	91.00	91.00	89.00	89.00	89.00
Police Department	155.00	159.00	157.00	157.00	156.00	154.00	154.00	146.00	146.00	146.00
Total	287.50	291.50	288.50	283.50	282.50	280.50	280.50	270.50	270.50	270.50
City-Wide Total	996.64	#####	987.14	968.64	958.64	952.89	940.24	925.11	935.36	932.32

Source: Adopted Operating and Capital Improvement Budget

Note: FTE positions

⁽¹⁾ These positions are funded cooperatively with Albemarle County.

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
Date of incorporation	1888	1888	1888	1888	1888	1888	1888	1888	1888	1888
Form of government	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr
Area	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles
Bond rating:										
Moody's Investor Services	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Standard & Poor's Corporation	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Number of employees:										
City (full-time)	996.6	1000.6	1000.6	987.1	968.6	958.64	940	940	925	932
School Board	798	840	840	835	767	797	772	767	765	783
Elections:										
Number of registered voters:										
Last general election - November, 2020	33,099	32,853	32,854	31,876	35,725	31,039	32,273	32,290	33,150	28,670
Last municipal election - November, 2019	32,853	32,853	32,290	31,876	31,039	31,039	32,291	32,290	28,670	28,670
Number of votes cast in:										
Last general election	24,084	11,095	14,039	16,548	22,652	6,077	10,816	12,494	21,797	7,522
Last municipal election	11,095	11,095	6,237	16,548	6,077	6,077	12,560	11,045	6,624	6,627
Percentage of registered voters voting in:										
Last general election	72.8%	33.8%	42.7%	51.9%	63.4%	19.2%	33.5%	38.7%	65.8%	26.2%
Last municipal election	33.8%	33.8%	19.3%	51.9%	19.6%	19.2%	38.9%	34.2%	23.1%	23.1%
Public Safety										
Fire protection:										
Number of firefighters and officers (exclusive of volunteer firefighters)	106	90	90	90	88	88	88	86	86	86
Police protection:										
Number of police officers	121	119	125	127	129	127	127	119	119	117
Number of arrests	1,566	1,732	1,676	3,216	2,763	2,639	2,741	3,018	4,417	5,043
Traffic Citations Issued	1,131	1,739	3,142	4,737	5,912	4,978	5,740	5,459	4,299	4,429
911 calls received	36,016	37,866	37,121	39,692	44,481	40,504	43,512	45,581	43,111	46,059
Cases investigated	4,240	4,610	5,502	4,442	5,287	4,962	5,198	5,443	2,846	1,110
Parking Violations										
Violations written	6,738	6,842	17,141	17,653	16,637	18,734	17,647	12,633	15,813	20,657
Building permits issued	1,920	1,922	2,033	2,166	2,137	1,984	1,911	1,824	2,096	1,704
Education										
Schools:										
Number of teachers	481	478	478	456	440	429	421	415	424	434
Number of students	4,259	4,307	4,337	4,313	4,210	4,134	4,101	4,022	3,945	3,914
Pupil: teacher ratio	8.85:1	9.01:1	9.07:1	9.46:1	9.56:1	9.64:1	10.26:1	9.69:1	9.31:1	9.02:1
Public Utilities										
Municipal utilities:										
Gas:										
Number of customers	21,078	20,871	20,994	20,665	20,467	20,043	19,849	19,454	19,077	18,655
Average daily consumption	8327 DTH	7,712 DTH	8,051 DTH	7,570 DTH	7,562 DTH	6,802 DTH	8,487 DTH	8,688 DTH	6,601 DTH	6,492 DTH
Water:										
Number of customers	14,888	15,307	14,661	14,639	14,756	14,692	14,652	14,554	14,446	14,377
Average daily consumption	520 MCF	531 MCF	551 MCF	569.4 MCF	579.2 MCF	569.4 MCF	569.3 MCF	569.1 MCF	577.8 MCF	587.9 MCF
Sewer:										
Number of customers	14,791	14,956	14,564	14,528	14,626	14,558	14,511	14,406	14,294	14,251
Average daily treatment	456 MCF	465 MCF	483 MCF	502.8 MCF	564.6 MCF	502.8 MCF	505.6 MCF	520.7 MCF	524.2 MCF	537.6 MCF
Public Works										
Refuse disposed at Zion's Transfer Station (City totals):										
Number of customers	13,500	13,500	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200
Tons of domestic refuse	6,588	6,955	6,681	6,577	6,532	6,435	6,281	6,694	6,528	6,996
Tons of curbside recycling	3,745	3,738	4,429	3,865	3,666	3,647	3,557	3,254	3,342	2,471
Tons of stumps, demolition material & street sweeping ⁽¹⁾	1,375	1,584	1,300	866	1,160	2,117	1,048	2,063	1,654	1,532

Source: Departmental operational reports for the period ending June 30th.

⁽¹⁾ In FY2015, accounts for brush, street sweeping, and leaves

In FY2017, the total accounts for street sweeping.

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
Miles of streets	159.91	159.91	159.91	158.76	158	158	157	156	156	156
Number of streetlights	6,070	6,070	6,070	6,070	6,070	6,040	6,025	6,016	6,016	6,010
Public Safety										
Fire protection:										
Number of stations	3	3	3	3	3	3	3	3	3	3
Police protection:										
Number of stations	7	7	7	10	8	4	4	4	5	6
Number of vehicular patrol units	73	73	58	50	64	68	67	63	55	64
Total vehicles	134	134	119	129	128	122	123	123	134	126
Motor Cycles	7	7	7	6	8	8	6	8	8	6
Unmarked cars	45	45	54	59	53	46	50	52	52	52
Bicycle patrol	18	18	14	14	14	24	17	17	18	15
Education										
Number of schools	9	9	9	9	9	9	9	9	9	9
Parks, Recreation, & Culture										
Number of parks ⁽¹⁾	36	36	36	36	36	36	31	31	30	31
Acres of park land ⁽²⁾	1,049.9	1,049.9	904	900	900	902	872	822	785	1,979
Number of golf courses	1	1	1	1	1	1	1	2	2	2
Number of swimming pools	4	4	4	4	4	4	4	6	5	5
Number of recreation centers	5	5	5	5	5	5	5	5	5	5
Number of libraries	3	3	3	3	3	3	3	3	3	3
Public Utilities										
Gas:										
Miles of gas main lines	341	340	333	331	330	329	328	319	318	317
Miles of gas service lines	300	296	292	288	282	274	272	226	223	221
Water:										
Water treatment plant capacity (millions of gallons per day)	19	19	19	19	19	19	19	19	19	19
Miles of water lines	184	184	183	183	180.0	180	181	180.0	180.0	180.0
Number of fire hydrants	1,156	1,117	1,088	1,088	1,050	1,047	1,031	1,026	1,007	1,005
Sewer:										
Sewer treatment plant capacity (millions of gallons per day)	15	15	15	15	15	15	15	15	15	15
Miles of sanitary sewers	173	172	171	171	170	166	170	166	165	167

Source: Departmental operational reports for the period ending June 30th

Note:

- (1) Includes 3 jointly funded parks with Albemarle County beginning fiscal year 2012.
 (2) Includes City Parks and natural areas in FY2012



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